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Office of the
Secretary

May 16, 2017

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Center 1155 21st Street, NW
Washington, DC 20581

Re: Supplemental Notice of Proposed Rulemaking on Reg AT (RIN 3038-AD52)

Dear Mr. Kirkpatrick:

Virtu Financial, Inc. (together with its affiliates, “Virtu” or “we”) is submitting this letter to share our views about the Supplemental Notice of Proposed Rulemaking for Reg AT (“Supplemental Proposal”). This letter supplements our letters dated December 28, 2015 and November 29, 2016, in which we supported principles-based rules for pre-trade risk and asked the Commodity Futures Trading Commission (“Commission”) to avoid adoption or promulgation of rules which would grant the Commission or any other governmental authority inspection rights over a market participant’s source code repository absent a subpoena.

By way of background, Virtu is a leading technology-enabled market-maker and liquidity provider to the global financial markets, operating from offices in New York, Austin, Singapore and Dublin. Virtu acts as a market-maker across numerous exchanges and asset classes, is a direct member of most recognized futures exchanges in the United States and across the globe, and through its subsidiaries, is a registered as a Floor Trader with the Commission and the National Futures Association.

We believe that the Supplemental Proposal is overly prescriptive and could potentially result in substantial harm to the marketplace if it results in redundant or overlapping risk controls.

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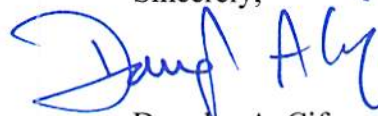
We encourage the Commission to adopt principles-based requirements to ensure that risk controls are appropriately implemented and monitored, and to enable market participants to implement policies and procedures that are reasonably designed to achieve compliance with the rules. Specifically, we support a regime which imposes appropriate principles-based requirements at two levels – first, either (a) at the Futures Commission Merchant (“FCM”) or (b) if the FCM determines based on reasonable inquiry and audit that the risk controls of its client satisfy applicable requirements, at the participant level, and second at the Designated Contract Market. Allowing participants to rely on their own risk controls in lieu of those of their FCM will mitigate the risk of potential adverse consequences of incongruent or redundant risk controls between a participant and its FCM, while the DCM-level requirement will ensure a baseline set of risk checks to which all participants are subject.

We believe that robust processes around development and change management are integral to ensuring that automated trading strategies behave as intended and avoid causing disruption to the futures markets. However, we urge the Commission to develop principles-based rules in this area as well, and ensure that the testing requirements are consistent with the participant’s activities, risk controls and the scope of the changes being tested.

We reiterate our opposition to the provisions within the Supplemental Proposal which would inhibit a market participant’s ability to protect its intellectual property and believe that access to source code through a “special call” could undermine the substantial efforts made by participants to maintain the confidentiality of the intellectual property. As we noted in our prior comment letters, our technology and market making strategies are not merely historical records, but reflect the present and future investment and or execution intentions of Virtu.

In conclusion, we remain supportive of the Commission’s overall goals of addressing risks associated with automated trading and look forward to working with the Commission in developing an effective principles-based rule framework.

Sincerely,



Douglas A. Cifu
Chief Executive Officer
Virtu Financial