



May 11, 2022

VIA ELECTRONIC DELIVERY

Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
Attention: Office of Public Affairs

RE: Request for Comment on FTX Request for Amended DCO Registration Order (Filing Number 22-001)

Virtu Financial, Inc. (“Virtu”) respectfully submits this letter in response to the above-referenced request for comment (the “RFC”).¹

By way of background, Virtu is a leading financial firm that leverages cutting edge technology to deliver liquidity to the global markets and innovative, transparent trading solutions to its clients. Virtu operates as a market maker across numerous exchanges in the U.S. across asset classes, both in spot markets as well as across options, futures, forwards and other derivatives markets. Virtu’s market structure expertise, broad diversification, and execution technology enables it to provide competitive bids and offers in over 25,000 securities, at over 235 venues, in 36 countries worldwide. Virtu broadly supports innovation and enhancements to transparency and fairness which enhance liquidity to the benefit of all marketplace participants.

As a general matter we support responsible and constructive innovation in markets as well as competition among marketplaces, market participants and models, while recognizing the importance of careful study and analysis of potential market place changes. FTX’s Request for Amended DCO Registration Order (the “FTX Proposal”) represents an opportunity for innovation in derivatives markets which can promote competition, expand market access, and potentially reduce risk for participants.

Promoting Competition

The FTX Proposal promotes competition amongst derivatives clearing organizations (DCOs) by enabling an innovative and differentiated product offering – market access choice and a 24x7 risk margin model – which may attract participants and liquidity to FTX and onshore to the United States. We view competition at the product, exchange, clearing organization and FCM levels as a healthy component of a robust marketplace which ultimately drives better outcomes – from both an economic and choice perspective – for end users.

Expanding Market Access

We believe generally that providing broader access to marketplaces, platforms and investment opportunities, subject to a robust disclosure, compliance and surveillance framework, empowers investors

¹ RFC available at <https://www.cftc.gov/media/7031/CommentFTXAmentedOrder/download>.

with choice and enables participation in investment and wealth generation. We believe it is important that market participants can choose to access FTX via an FCM for credit, market access, risk controls and other services or can opt for a direct relationship to FTX, or some hybrid model. While both intermediated and non-intermediated models for market access can benefit the end user, enabling choice and competition increases the likelihood of a best-fit model for a given market participant. We also acknowledge questions raised about the application of the proposed model to other types of underlying assets and believe a case-by-case approach with ongoing study by the Commission and the marketplace may be prudent in regards to a direct access model for margined products.

Risk Management

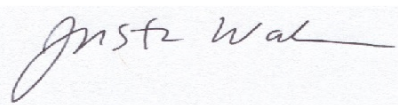
The FTX proposal innovates in risk management, with its near real-time margin model and automated liquidations at defined trigger points. We generally believe that a technology-enabled, real-time and iterative approach to risk and margin may mitigate the potential for default and market disruption in such scenarios. We recognize the importance of certain issues and questions raised by the CFTC regarding liquidity and market impact in various potential trigger and automatic liquidation scenarios and support the examination and exploration of these issues. In regards to questions raised related to the default fund, our general perspective is that the size and certainty of the fund is paramount and that its source is less significant.

Market Impact

The CFTC has asked for views on the potential impact on markets, specifically the impact on price discovery and efficiency, which may result from the proposed changes. While markets are complex and reflect the individual trading interest and behavior of all participants, which may be influenced by any number of factors, we believe that in general, broader participation can improve price discovery and reduce the implicit cost to transact through compressed bid/ask spreads and greater certainty of execution.

In summary, we are supportive of the Proposal's intentions to promote competition, expand market access and innovate in risk management and encourage the continued study and analysis of the important issues and questions regarding its implementation. We appreciate the CFTC's thoughtful review of the FTX Proposal and the opportunity to contribute to this important dialogue.

Respectfully submitted,



Justin Waldie
SVP & General Counsel
Virtu Financial, Inc.