

By Online Submission at <https://comments.cftc.gov>

February 15, 2019

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

Re: Request for Input on Crypto-Asset Mechanics and Markets; Virtual Currency RFI;
83 Fed. Reg. 64563

Dear Mr. Kirkpatrick:

The Chamber of Digital Commerce (the “Chamber”) welcomes the opportunity to submit these comments in response to the Commodity Futures Trading Commission’s (“CFTC” or the “Commission”) request for input, dated December 17, 2018 (the “Request for Input”),¹ to inform the Commission’s understanding of the technology, mechanics, and markets for virtual currencies.

The Chamber is the world’s largest blockchain trade association. Our mission is to promote the acceptance and use of digital assets and blockchain technology and we are supported by a diverse membership that represents the blockchain industry globally. Our goal is to develop a pro-growth legal environment through education, advocacy, and close coordination across various jurisdictions with policymakers, regulatory agencies, and industry to foster innovation, job creation, and investment. We represent the world’s leading stakeholders in the blockchain ecosystem, including leading edge start-ups, software companies, global IT consultancies, financial institutions, insurance companies, law firms, and investment firms.

The Chamber and its members have a significant interest in the introduction of financial instruments offered on regulated exchanges that serve as the foundation for a well-functioning marketplace. Derivatives products, in particular, are of critical importance to allow market participants to hedge risks associated with their exposure to volatility in the price of virtual currencies. The Chamber supports the Commission’s efforts to date with respect to financial products involving virtual currencies.

¹ Request for Input on Crypto-Asset Mechanics and Markets, 83 Fed. Reg. 64,563 (Dec. 17, 2018).

Support for the Commission's Efforts Involving Virtual Currencies

The Chamber supports the continued efforts of the Commission to engage with new technologies, conduct outreach and education, collaborate with industry, and develop a better understanding of the technology, mechanics, and markets for virtual currency-related products. Through a variety of mechanisms, the Commission has effectively stayed up-to-date on new technologies to promote responsible financial technology ("FinTech") innovation and fair competition. LabCFTC diligently engages with new technologies and connects with the FinTech innovator community. For example, LabCFTC's FinTech Primers on virtual currencies and smart contracts demonstrate a very high level of commitment to staying abreast of new technologies and outlining the CFTC's oversight role for virtual currency-related futures, options, and derivatives contracts. We encourage the Commission to continue to promote and support the LabCFTC initiative, including through this RFI regarding technology, mechanics, and markets for virtual currencies.

The Commission has also established a webpage² that provides access to numerous resources for market participants and consumers to understand the CFTC's oversight role and keep up to date on recent marketplace developments. One of those resources, the CFTC Backgrounder on Oversight and Approach of Virtual Currency Futures Markets³ ("Virtual Currency Backgrounder"), is particularly helpful as it provides clarity regarding the Commission's oversight and jurisdiction over virtual currencies as well as outlining the "heightened review" for virtual currency self-certifications. Shortly after the publication of the Virtual Currency Backgrounder, the Commission addressed the self-certification process for virtual currencies at the Market Risk Advisory Committee meeting,⁴ allowing for an open dialog about the Commission's self-certification process and its regulatory approach for novel products. All of these efforts have culminated in specific guidance for designated contract markets, swap execution facilities, and derivative clearing organizations through the Commission's Advisory on May 21, 2018, with respect to virtual currency derivative product listings which covered the topics of (A) enhanced market surveillance; (B) coordination with CFTC staff; (C) large trader reporting; (D) outreach to stakeholders; and (E) derivatives clearing organization risk management.⁵

Altogether, the Commission's efforts regarding futures, options, derivatives and swaps involving virtual currencies have allowed these financial products to enter the market in a responsible way. We believe this work has laid a strong foundation for the

² *Bitcoin*, <https://www.cftc.gov/Bitcoin/index.htm> (last visited February 13, 2019).

³ Commodity Futures Trading Comm'n, Backgrounder on Oversight of and Approach to Virtual Currency Futures Markets (Jan. 4, 2018), https://www.cftc.gov/sites/default/files/idc/groups/public/%40customerprotection/documents/file/backgrounder_virtualcurrency01.pdf.

⁴ Commodity Futures Trading Comm'n, Minutes of the Ninth Meeting of the Commodity Futures Trading Commission's Market Risk Advisory Committee (Jan. 31, 2018), https://www.cftc.gov/sites/default/files/2018-12/mrac_minutes013118.pdf.

⁵ Commodity Futures Trading Comm'n, Staff Advisory Notice on Virtual Currency Derivative Product Listings (May 21, 2018), https://www.cftc.gov/sites/default/files/idc/groups/public/%40rlettergeneral/documents/letter/2018-05/18-14_0.pdf.

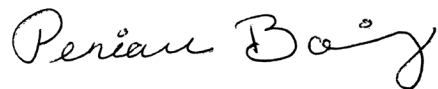
introduction of additional derivatives products, including those based on Ether, according to the Commission's self-certification process.

Promote Coordination

The Chamber believes that the United States needs enhanced coordination among regulators, particularly in light of the byzantine structure of U.S. financial services regulation. Financial services regulation at the state and federal level creates significant challenges for innovators working with technologies, including blockchain technologies that, by nature, are not limited by geographic borders. This regulatory architecture substantially impedes development in the United States, and we encourage financial regulators to collaborate on effective and efficient approaches to achieve regulatory goals while promoting investment and growth. Fundamentally, we support engagement among regulators and industry on prevailing issues and challenges to facilitate innovation in, and adoption of, emerging technologies.

We appreciate the opportunity to provide the Chamber's views. We are available to meet and discuss our views, as needed.

Respectfully Submitted,



Perianne Boring
Founder and President
Chamber of Digital Commerce