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February 27, 2013

The Honorable Gary Gensler
Chairman
United States Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

Dear Chairman Gensler:

I write today to ensure the appropriate implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act) and that the ongoing rule-making to establish Swap Execution Facilities (SEFs) strictly adheres to Congressional intent.

As you know, in the Act, Congress made clear that SEFs may operate and execute "through any means of interstate commerce." The Act provides clear Congressional intent that the rule shall establish a technology neutral, flexible regime allowing various modes of trade execution, recognizing that different swaps have different liquidity characteristics that demand unique modes of communication and execution.

In the 112th Congress, I introduced bipartisan legislation, the Swap Execution Facility Clarification Act, to ensure that the Commodity Futures Trading Commission implements the final SEF rules consistent with the plain language adopted by Congress in the Act.

As the Subcommittee determines its legislative agenda for the new Congress, I am committed to properly overseeing the implementation of the Act in a manner that reflects Congressional intent, encourages competition, and increases transparency.

During the December 12, 2012, Capital Markets and GSE Subcommittee hearing "Challenges Facing the U.S. Capital Markets to Effectively Implement Title VII of the Dodd-Frank Act," you indicated that the forthcoming SEF rules would be technology neutral with respect to the modes of trade execution. You specifically testified:

"...we have to ensure that we're technology neutral, whether it's telephone, internet, and these three means. And that's what's being considered by the commission right now, revising it to be technology neutral."

I understand that the SEF rules may be formally considered in the coming weeks. I applaud your efforts to finalize these rules and resolve the significant uncertainty that exists in the current environment.

Accordingly, I would respectfully request an update from the Commission to ensure that the final SEF rules will be consistent with the statute and Congressional intent in its flexibility and allowance of all modes of trade execution, including voice and voice-hybrid systems.

I appreciate your attention to this matter, and your prompt response.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Garrett". The signature is fluid and cursive, with the first name "Scott" and last name "Garrett" clearly distinguishable.

Scott Garrett
Chairman
Capital Markets and GSE
Subcommittee

Cc:

The Honorable Bart Chilton
The Honorable Jill Sommers
The Honorable Scott O'Malia
The Honorable Mark Wetjen