



Futures Industry Association  
2001 Pennsylvania Ave. NW  
Suite 600  
Washington, DC 20006-1823

202.466.5460  
202.296.3184 fax  
www.futuresindustry.org

August 25, 2011

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

Dear Mr. Chairman:

The members of the Futures Industry Association were shocked and outraged by the disclosure of confidential data on derivatives market positions published recently in *The Wall Street Journal*. In our view, this unfortunate incident poses a serious threat to the confidence of market participants in the CFTC's ability to protect proprietary information; raises troubling questions about the role of Congress in handling such information; jeopardizes the CFTC's future ability to obtain cooperation in data collection and market surveillance; and undermines the agency's ability to work cooperatively with its counterparts in overseas jurisdictions.

Congress and the executive branch have historically recognized that certain proprietary information must be kept confidential, not only because of the impact its disclosure may have on individuals and on the performance of derivatives markets, but equally because inappropriate disclosure may compromise the ability of regulatory agencies to carry out their core missions in the public interest. Moreover, to the extent that such disclosures undermine market confidence, they threaten the continued ability of U.S. farmers, ranchers, corporations, institutional investors and other end-users to manage their risks in liquid, efficient markets. This recognition of the importance of confidentiality is reflected in the Freedom of Information Act as well as in statutes that directly govern futures and derivatives trading, notably the Commodity Exchange Act.

Mr. Chairman, FIA members regard this incident as extremely serious and I feel sure that you do as well. As the head of the trade association that represents the futures industry, I have the responsibility to do everything I can to protect public confidence in our markets. A complete understanding of what transpired and which laws, if any, were broken is essential to restoring confidence in the confidentiality of information shared with the CFTC. This is especially important in light of the Dodd-Frank Act, which greatly expands the CFTC's authority to collect proprietary data on customer positions across a much wider range of market activity than ever before.

I therefore respectfully request that you direct the CFTC to take immediate steps to investigate exactly what happened in this case and whether any laws or regulations were violated. We


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believe that the Commission's own resources, including those of the Inspector General, should be brought to bear in this regard. Should a thorough investigation conclude that no laws were broken, we would strongly urge the CFTC to work with Congress to ensure that such an incident never happens again.

We look forward to your response, and believe immediate attention to these matters is a vital step in beginning to restore market confidence.

Sincerely,



John M. Damgard  
Resident

cc: Senator Debbie Stabenow, Chairwoman, Senate Committee on Agriculture, Nutrition and Forestry  
Senator Pat Roberts, Ranking Member, Senate Committee on Agriculture, Nutrition and Forestry  
Congressman Frank Lucas, Chairman, House Agriculture Committee  
Congressman Collin Peterson, Ranking Member, House Agriculture Committee