

# United States Senate

WASHINGTON, DC 20510

**November 22, 2019**

The Honorable Jay Clayton  
Chairman  
U.S. Securities and Exchange Commission  
100 F St., NW  
Washington, DC 20549-1090

The Honorable Heath P. Tarbert  
Chairman  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre, 1155 21<sup>st</sup> St., NW  
Washington, DC 20581

**Re: Customer Margin Rules Relating to Security Futures**

Dear Chairman Tarbert and Chairman Clayton:

We appreciate the joint Securities Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) (together, the “Commissions”) proposed rulemaking on “Customer Margin Rules Relating to Security Futures” (the “Proposal”). As you know, margin requirements for security futures and exchange-traded options were a particular focus of the Commodity Futures Modernization Act of 2000 (CFMA). The CFMA mandated that margin requirements be consistent for security futures and comparable exchange-traded options.

The CFMA specifically amended Section 7(c) of the Securities Exchange Act of 1934 to provide that “initial and maintenance margin levels for a security future product not be lower than the lowest level of margin, exclusive of premium, required for any comparable option contract traded on any [national securities exchange], other than an option on a security future.”

The Commissions’ Proposal would lower margin levels for security futures held outside of a portfolio margin account to 15% while margin levels for exchange-traded options held outside of a portfolio margin account are to remain at 20%.

While we are supportive of the Commissions’ objective to harmonize margin requirements, we are concerned that the Proposal, as written, is inconsistent with the CFMA and its mandate that “the margin requirements for a security future product be consistent with the margin requirements for comparable option contracts.”

We urge the Commissions to reconsider the Proposal as currently drafted to provide for a corresponding change to margin levels for exchange-traded options to ensure any final rule is consistent with the CFMA. Thank you for the opportunity to share our thoughts on this important issue.

Sincerely,



Jerry Moran  
United States Senator



Thom Tillis  
United States Senator



M. Michael Rounds  
United States Senator

CC: Commodity Futures Trading Commission

The Honorable Rostin Benham, Commissioner  
The Honorable Dawn DeBerry Stump, Commissioner  
The Honorable Dan M. Berkovitz, Commissioner  
The Honorable Brian D. Quintenz, Commissioner  
Brian Bussey, Director, Division of Clearing and Risk  
Sarah E. Josephson, Deputy Director, Division of Clearing and Risk  
Melissa A. D'Arcy, Special Counsel, Division of Clearing and Risk

Securities and Exchange Commission

The Honorable Elad L. Roisman, Commissioner  
The Honorable Robert J. Jackson Jr., Commissioner  
The Honorable Hester M. Peirce, Commissioner  
The Honorable Allison H. Lee, Commissioner  
Mr. Brett Redfearn, Director, Division of Trading and Markets  
Michael A. Macchiaroli, Associate Director, Division of Trading and Markets  
Thomas K. McGowan, Associate Director, Division of Trading and Markets