

Message

From: Sam Bankman-Fried [sam@ftx.us]
Sent: 10/15/2021 3:38:31 PM
To: Berkovitz, Dan (b)(7)(E)
(b)(7)(E)
CC: Mark Wetjen (b)(6); brett@ftx.us; ryne@ftx.us; Zach Dexter [zach@ledgerx.com]
Subject: [EXTERNAL] Thoughts on Stablecoin Regulation
Flag: Follow up

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Commissioner Berkovitz,

We've been drafting some thoughts on a potential stablecoin regulatory framework. We wanted to shoot it over to you so you can get a first look at it, we're always open to thoughts/feedback!

Also--in light of the recent Bitfinex/Tether settlement viewing USDT as a commodity--thought it might be topical for the CFTC (and possibly the SEC, who knows!).

<https://blog.ftx.com/policy/context-stablecoin-regulation/>

Sam

—

Sam Bankman-Fried

Message

From: Sam Bankman-Fried [sam@ftx.us]
Sent: 10/14/2021 8:31:50 PM
To: Berkovitz, Dan (b)(7)(E)
(b)(7)(E)
CC: 'Zach Dexter' [zach@ledgerx.com]; 'Mark Wetjen' (b)(6) ; 'Brett Harrison' [brett@ftx.us]
Subject: [EXTERNAL] Re: FTX policy blog; FTX US closes acquisition of LedgerX (CFTC registered exchange)

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We are the natural choice to be the 'umpires of the crypto industry'

—
Sam Bankman-Fried

On October 14, 2021, 3:14 PM EDT dberkovitz@cftc.gov wrote:

Ryne,

Thank you for the update and links.

I was watching the Dodgers v. Giants the other night and saw that FTX is the Official Cryptocurrency Exchange of Major League Baseball (I gather this is not news). I'm not sure why MLB needs to have a cryptocurrency exchange, but glad to see that it has one that supports regulation!

Best,

Dan

Dan M. Berkovitz | Commissioner
U.S. Commodity Futures Trading Commission
Three Lafayette Centre | 1155 21st Street, NW | Washington, DC 20581
T (202) 418-5050 | F (202) 418-5837
Email: dberkovitz@cftc.gov



From: ryne@ftx.us <ryne@ftx.us>
Sent: Thursday, October 14, 2021 12:50 PM
To: Berkovitz, Dan <DBerkovitz@cftc.gov>
Cc: sam@ftx.us; 'Brett Harrison' <brett@ftx.us>; 'Zach Dexter' <zach@ledgerx.com>; 'Mark Wetjen' <(b)(6)>
Subject: [EXTERNAL] FTX policy blog; FTX US closes acquisition of LedgerX (CFTC registered exchange)

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Commissioner Berkovitz,

Great seeing you last week, as always. Thanks for sharing some time with us.

Two updates from FTX US that we wanted to keep on your radar

- We have published a blog post entitled “Policy goals for crypto market regulation”, and we think you will find it a helpful and relatively brief write-up that summarizes the key policy issues to solve for in connection with crypto markets (we’ve shared this with the SEC Chair’s staff as well – Amanda, Heather, and Sai). We’re open to any and all feedback or questions on this – <https://blog.ftx.com/policy/policy-goals-market-regulation/>. We’ll be publishing similar articles in the coming days and weeks, and we will also keep them on your radar.
- On October 13 (yesterday) we completed the closing of FTX US’s acquisition of LedgerX, the CFTC registered exchange and clearinghouse – and so we are excited to say, officially, that LedgerX is now a FTX US company!

Best,

Ryne

Ryne Miller

General Counsel, FTX US

ryne@ftx.us

Mobile: 405 517 7570

Message

From: Ryne Miller [ryne@ftx.us]
Sent: 10/4/2021 1:33:46 PM
To: Berkovitz, Dan (b)(7)(E)
(b)(7)(E)
Subject: [EXTERNAL] Re: DC trip

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Thanks again. We are confirmed for Rasika West End at 7pm, Tuesday. Looking forward to it.

I think the last time I went there with you was at your CFTC going away dinner w/ Gary, in 2013.

Best,
Ryne

On Sun, Oct 3, 2021 at 8:24 PM Berkovitz, Dan <DBerkovitz@cftc.gov> wrote:

By all means invite whomever you'd like.

From: Ryne Miller <ryne@ftx.us>
Sent: Sunday, October 3, 2021 8:23 PM
To: Berkovitz, Dan <DBerkovitz@CFTC.gov>
Subject: [EXTERNAL] Re: Re: DC trip

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Yes - and we'll make sure anyone who comes also is (may include Zach Dexter - CEO of Ledger X, Mark Wetjen - Ledger X board member, and Michelle Bond of ADAM).

They are all pleasant and good for discussion. But we can keep it small if you prefer.

On Sun, Oct 3, 2021 at 8:21 PM Berkovitz, Dan <DBerkovitz@cftc.gov> wrote:

I trust you still know the area, but close to CFTC Blue Duck, Ris, Rasika are very good. I'm sure there are others I haven't had a dinner at a restaurant in DC in a long time.

(b)(6)

From: Ryne Miller <ryne@ftx.us>
Sent: Sunday, October 3, 2021 8:10 PM
To: Berkovitz, Dan <DBerkovitz@CFTC.gov>
Subject: [EXTERNAL] Re: DC trip

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That's great - thanks, Commissioner.

I'll send a location shortly. Somewhere close to CFTC office.

7:00 start? Or prefer earlier?

Best,

Ryne

On Sun, Oct 3, 2021 at 8:08 PM Berkovitz, Dan <DBerkovitz@cftc.gov> wrote:

Ryne,

Thank you for the invite. Actually, I am already planning to be in the office on Tuesday, so Tuesday dinner would work well for me. Of course, I must pay my own way, but that's not a problem. I'm flexible as to locations.

Best,

Dan

From: Ryne Miller <ryne@ftx.us>
Sent: Sunday, October 3, 2021 2:11 PM
To: Berkovitz, Dan <DBerkovitz@CFTC.gov>
Subject: [EXTERNAL] Re: DC trip

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Wednesday late afternoon or dinner also an option.

On Sun, Oct 3, 2021 at 2:03 PM Ryne Miller <ryne@ftx.us> wrote:

Commissioner -

Hope all is well. Sam Bankman-Fried plans to be in DC this week. We have some time for a Tuesday dinner slot - any chance you'd be interested in meeting up? I can also offer some other time slots if that's better.

At a minimum, it would be Sam, Brett Harrison (FTX US president), and me.

No worries if it doesn't work. But great to see you if something works out.

Best,

Ryne

Mobile - 405 517 7570

Message

From: Ryne Miller [ryne@ftx.us]
Sent: 10/7/2021 5:43:19 AM
To: Berkovitz, Dan (b)(7)(E)
(b)(7)(E)
Subject: [EXTERNAL] Re: Dinner payment

CAUTION: This email originated from outside of CFTC. DO NOT click links or open attachments unless you recognize and/or trust the sender. If you believe this is SPAM simply block sender and delete the email. If you suspect this to be a phishing attempt, please use the "Report Phishing" button on your Outlook menu bar.

Received and thank you for the article. Wishing you all the best in the new adventure.

Best,
Ryne

On Thu, Oct 7, 2021 at 1:20 AM Berkovitz, Dan <DBerkovitz@cftc.gov> wrote:

Thanks, Ryne.

I'm making the payment to PayPal now. Let me know if you don't receive it.

Here's a copy of the article I gave Sam. Enjoy!

From: Ryne Miller <ryne@ftx.us>
Sent: Tuesday, October 5, 2021 9:24 PM
To: Berkovitz, Dan <DBerkovitz@CFTC.gov>
Subject: [EXTERNAL.] Dinner payment

CAUTION: This email originated from outside of CFTC. DO NOT click links or open attachments unless you recognize and/or trust the sender. If you believe this is SPAM simply block sender and delete the email. If you suspect this to be a phishing attempt, please use the "Report Phishing" button on your Outlook menu bar.

Commissioner,

Your dinner bill was \$50. For Rasika West.

You may send via PayPal to rvm228@nyu.edu

Best,

Ryne Miller

Message

From: ryne@ftx.us [ryne@ftx.us]
Sent: 9/28/2021 4:05:40 PM
To: Berkovitz, Dan (b)(7)(E)
(b)(7)(E)
CC: 'Sam Bankman-Fried' [sam@ftx.us]; 'Brett Harrison' [brett@ftx.us]
Subject: [EXTERNAL] FW: Submission from FTX on Senator Toomey Request for Comment
Attachments: FTX Letter, re Senator Toomey Request for Comment on Crypto Regulation and Legislation, Sept 27, 2021.pdf
Flag: Follow up

CAUTION: This email originated from outside of CFTC. DO NOT click links or open attachments unless you recognize and/or trust the sender. If you believe this is SPAM simply block sender and delete the email. If you suspect this to be a phishing attempt, please use the "Report Phishing" button on your Outlook menu bar.

Commissioner Berkovitz –

Congratulations on the announcement of your joining the SEC as General Counsel starting in November! Good news for the markets and market participants that have long benefited from your commitment to public service.

Separately, passing along as FYI a letter we (FTX US) submitted yesterday replying to Senator Pat Toomey's request for "Feedback on Clarifying Laws Around Cryptocurrency and Blockchain Technologies." It's high level, but it includes a couple concepts that I think you may find interesting (notably – a proposal for a single Federal regime over spot and derivatives crypto markets, plus a proposal for a joint SEC-CFTC regulatory solution for digital asset markets where the regulatory categorization of the digital asset is unclear – you may recall that the two agencies navigated a similar approach to options on commodity based ETFs, in the days before the Dodd-Frank rulemakings).

Always happy to discuss – and best of luck with the transition to the SEC over the next month.

Best,
Ryne

Ryne Miller
General Counsel, FTX US
ryne@ftx.us

Mobile: 405 517 7570

From: ryne@ftx.us <ryne@ftx.us>
Sent: Monday, September 27, 2021 1:49 PM
To: submissions@banking.senate.gov
Cc: 'Sam Bankman-Fried' <sam@ftx.us>; 'Brett Harrison' <brett@ftx.us>; 'Trevor Levine' <trevor.levine@ftx.us>
Subject: Submission from FTX on Senator Toomey Request for Comment

On behalf of FTX US, please find attached our letter submission in response to Senator Pat Toomey's request for "Feedback on Clarifying Laws Around Cryptocurrency and Blockchain Technologies."

We are happy to discuss any aspect of this submission, and we look forward to being a resource as the Committee considers these issues.

Best,
Ryne

Ryne Miller
General Counsel, FTX US
ryne@ftx.us

Mobile: 405 517 7570

Appointment

From: Zach Dexter [zach@ledgerx.com]
Sent: 8/27/2021 5:56:54 PM
To: sam@ftx.us; Berkovitz, Dan (b)(7)(E) ; larry@ledgerx.com;
(b)(7)(E)
ryne@ftx.us; brett@ftx.us; Remmler, Erik F (b)(7)(E)
(b)(7)(E) ; Williams, Latonia (b)(7)(E)
(b)(7)(E) ; mwetjen@miami-
holdings.com
Subject: [EXTERNAL] Invitation: LedgerX <> Commissioner Berkovitz @ Mon Aug 30, 2021 1pm - 1:30pm (EDT)
(dberkovitz@cftc.gov)
Attachments: invite.ics
Start: 8/30/2021 5:00:00 PM
End: 8/30/2021 5:30:00 PM
Show Time As: Tentative
Recurrence: (none)

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You have been invited to the following event.

LedgerX <> Commissioner Berkovitz

When: Mon Aug 30, 2021 1pm – 1:30pm Eastern Time - New York

Calendar: dberkovitz@cftc.gov

- Who:**
- Zach Dexter - organizer
 - sam@ftx.us
 - dberkovitz@cftc.gov
 - larry@ledgerx.com
 - ryne@ftx.us
 - brett@ftx.us
 - eremmler@cftc.gov
 - l_williams@cftc.gov
 - mwetjen@miami-holdings.com

[more details »](#)

Zach Dexter is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting
(b)(7)(E)

(b)(7)(E)

Dial by your location

(b)(7)(E)

Going (dberkowitz@efo.gov)? **Yes - Maybe - No more options »**

not sure? [Google Calendar](#)

You are receiving this courtesy email to the account dberkowitz@efo.gov because you are an attendee of this event.

You are also receiving future updates for this event, and any other events. Alternatively you can sign up for a Google account at <https://calendar.google.com/cal/> and control your notification settings for your entire calendar.

Forwarding this invitation you do not have any obligation to send a response to the organizer and/or be added to the guest list, or make an appearance, regardless of their own invitation status, or as invited by you. [Read More](#)

Message

From: ryne@ftx.us [ryne@ftx.us]
Sent: 10/26/2021 9:23:18 PM
To: Stump, Dawn (b)(7)(E)
(b)(7)(E) ; Mersinger, Summer
(b)(7)(E)
CC: 'Natalie Tien' [natalie@ftx.com]
Subject: [EXTERNAL] RE: Potential dinner with Sam Bankman-Fried, Chicago, Nov 3

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Correcting Summer's email. Thanks again!

Ryne Miller
General Counsel, FTX US
ryne@ftx.us

Mobile: 405 517 7570

From: ryne@ftx.us <ryne@ftx.us>
Sent: Tuesday, October 26, 2021 5:21 PM
To: dstump@cftc.gov; SMerginger@cftc.gov
Cc: 'Natalie Tien' <natalie@ftx.com>
Subject: Potential dinner with Sam Bankman-Fried, Chicago, Nov 3

Commissioner Stump,
Hope all is well. We are planning a dinner for November 3, in Chicago, and we wanted to see if you would be able to join us (any of your team also welcome too, of course). Sam Bankman-Fried, our founder and CEO, would be attending. Alternatively, would there be any other opportunities that day for a sit down with you and Sam (and probably me and/or Brett Harrison, who runs our US business).

We'd be happy to host you at our Chicago office, and/or to meet you at the FIA Expo conference.

Best,
Ryne

Ryne Miller
General Counsel, FTX US
ryne@ftx.us

Mobile: 405 517 7570

Message

From: Sam Bankman-Fried [sam@ftx.us]
Sent: 10/15/2021 3:38:32 PM
To: Stump, Dawn(b)(7)(E)
(b)(7)(E)
CC: Mark Wetjen [markwetjen@gmail.com]; brett@ftx.us; ryne@ftx.us; Zach Dexter [zach@ledgerx.com]
Subject: [EXTERNAL] Thoughts on Stablecoin Regulation

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Commissioner Stump,

We've been drafting some thoughts on a potential stablecoin regulatory framework. We wanted to shoot it over to you so you can get a first look at it; we're always open to thoughts/feedback!

Also--in light of the recent Bitfinex/Tether settlement viewing USDT as a commodity--thought it might be topical for the CFTC.

<https://blog.ftx.com/policy/context-stablecoin-regulation/>

Sam

—
Sam Bankman-Fried

Appointment

From: Gilberg, David J. [gilbergd@sullcrom.com]
Sent: 8/4/2021 4:56:30 PM
To: Gilberg, David J. [gilbergd@sullcrom.com]; Stump, Dawn (b)(7)(E)
(b)(7)(E)
(b)(7)(E)
(b)(7)(E)
ryne@ftx.us; sam@ftx.us; brett@ftx.us

Mersinger, Summer

Pate, LaTasha

Subject: [EXTERNAL] FTX.US
Location: (b)(7)(E)

Start: 8/5/2021 6:30:00 PM
End: 8/5/2021 7:00:00 PM
Show Time As: Busy

Recurrence: (none)

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David J. Gilberg is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting
(b)(7)(E)

Dial by your location
(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

Find your local number: (b)(7)(E)

Join by SIP
(b)(7)(E)

Join by H.323
(b)(7)(E)

(b)(7)(E)

Join by Skype for Business
(b)(7)(E)

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Appointment

From: Pate, LaTasha (b)(7)(E)
(b)(7)(E)
Sent: 8/30/2021 2:17:17 PM
To: Pate, LaTasha (b)(7)(E)
(b)(7)(E) Stump, Dawn (b)(7)(E)
(b)(7)(E) ; Mersinger, Summer
(b)(7)(E)

mwetjen@miami-holdings.com; Zach Dexter [zach@ledgerx.com]; Larry Thompson [larry@ledgerx.com];
sam@ftx.com; Brett Harrison [brett@ftx.us]; ryne@ftx.us; Mastrogiacomo, Elizabeth (b)(7)(E)
(b)(7)(E)
(b)(7)(E) Arbit, Terry (b)(7)(E)
(b)(7)(E)

Subject: Commissioner Stump Meet via Conference Call with Mark Wetjen and Staff regarding Ledger X

Location: Commissioner's Dial In: (b)(7)(E)

Start: 8/30/2021 2:30:00 PM

End: 8/30/2021 3:00:00 PM

Show Time As: Busy

Required Attendees: Stump, Dawn; Mersinger, Summer; mwetjen@miami-holdings.com; Zach Dexter; Larry Thompson; sam@ftx.com;
Brett Harrison; ryne@ftx.us; Mastrogiacomo, Elizabeth; Arbit, Terry

Appointment

From: Gilberg, David J. [gilbergd@sullcrom.com]
Sent: 8/2/2021 3:43:19 PM
To: Quintenz, Brian (b)(7)(E)
(b)(7)(E) Campbell, Phyllis
(b)(7)(E)
(b)(7)(E)
(b)(7)(E) ; DeMaria, Benjamin
ryne@ftx.us; sam@ftx.us; Brett Harrison [brett@ftx.us]
Subject: [EXTERNAL] FTX.US
Location: (b)(7)(E)
Start: 8/4/2021 5:30:00 PM
End: 8/4/2021 6:00:00 PM
Show Time As: Tentative
Recurrence: (none)

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David J. Gilberg is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting
(b)(7)(E)

Dial by your location
(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

Find your local number: (b)(7)(E)

Join by SIP
(b)(7)(E)

Join by H.323
(b)(7)(E)

(b)(7)(E)

Join by Skype for Business
(b)(7)(E)

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Message

From: Behnam, Rostin (b)(7)(E)
(b)(7)(E)
Sent: 8/27/2021 9:00:29 AM
To: Zach Dexter [zach@ledgerx.com]
CC: Mark Wetjen [mwetjen@miami-holdings.com]; Gillers, David (b)(7)(E)
(b)(7)(E); Larry Thompson
[larry@ledgerx.com]; Brett Harrison [brett@ftx.us]; sam@ftx.com; Brown, Karen (b)(7)(E)
(b)(7)(E) ryne@ftx.us
Subject: RE: [EXTERNAL] Re: Re: Request for meeting/call on urgent LedgerX matter

Zach,

Thanks for the note and reaching out yesterday. Speak soon.

Best,



Rostin Behnam
Acting Chairman
Commodity Futures Trading Commission
202-418-5575
rbehnam@cftc.gov



From: Zach Dexter <zach@ledgerx.com>
Sent: Thursday, August 26, 2021 6:51 PM
To: Behnam, Rostin <RBehnam@CFTC.gov>
Cc: Mark Wetjen <mwetjen@miami-holdings.com>; Gillers, David <DGillers@CFTC.gov>; Larry Thompson <larry@ledgerx.com>; Brett Harrison <brett@ftx.us>; sam@ftx.com; Brown, Karen <KBrown@CFTC.gov>; ryne@ftx.us
Subject: [EXTERNAL] Re: Re: Request for meeting/call on urgent LedgerX matter

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Thank you Mr. Chairman for meeting with us this evening. We really appreciate your time, and look forward to continued engagement as we progress.

Best,
Zach

On Thu, Aug 26, 2021 at 11:53 AM Brown, Karen <KBrown@cftc.gov> wrote:

Mark,

I'll send an invite shortly for 6pm EDT this evening.

Kindest regards,

Karen



Karen Brown

Executive Assistant

Office of Acting Chairman Rostin Behnam

Commodity Futures Trading Commission

202-418-5575 kbrown@cftc.gov



From: Mark Wetjen <mwetjen@miami-holdings.com>

Sent: Thursday, August 26, 2021 11:31 AM

To: Brown, Karen <KBrown@CFTC.gov>

Cc: Behnam, Rostin <RBehnam@CFTC.gov>; Gillers, David <DGillers@CFTC.gov>; Zach Dexter <zach@ledgerx.com>; Larry Thompson <larry@ledgerx.com>; Brett Harrison <brett@ftx.us>; sam@ftx.com; ryne@ftx.us

Subject: [EXTERNAL] Re: Request for meeting/call on urgent LedgerX matter

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Karen, copying the others who will join the call. I believe 6pm will work for this group. I presume you will send an invite but please let us know if you'd like us to originate the invite. All the best and thanks for the prompt response.

Mark

On Aug 26, 2021, at 11:18 AM, Brown, Karen <KBrown@cftc.gov> wrote:

Caution External Email Sender: Verify sender before opening attachments or clicking on links or replying.
Original Sender: prvs=865edafee=KBrown@cftc.gov.

Mark,

AC Behnam is available today at 6 p.m. or 9:30 p.m. or tomorrow morning at 10:00 a.m. Will others be joining from your side?

Hope all is well.

Kindest regards,

Karen

<image001.png>

Karen Brown

Executive Assistant

Office of Acting Chairman Rostin Behnam

Commodity Futures Trading Commission

202-418-5575 kbrown@cftc.gov

<image002.png>

<image003.png>

<image004.png>

<image005.png>

From: Mark Wetjen <mwetjen@miami-holdings.com>

Sent: Thursday, August 26, 2021 10:24 AM

To: Brown, Karen <KBrown@CFTC.gov>

Cc: Behnam, Rostin <RBehnam@CFTC.gov>; Gillers, David <DGillers@CFTC.gov>

Subject: [EXTERNAL] Re: Request for meeting/call on urgent LedgerX matter

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Thanks very much.

Sent from my iPhone

On Aug 26, 2021, at 9:55 AM, Brown, Karen <KBrown@cftc.gov> wrote:

Caution External Email Sender: Verify sender before opening attachments or clicking on links or replying.
Original Sender: prvs=865edafee=KBrown@cftc.gov.

Mark,

Will be back asap regarding your request below.

Kindest regards,

Karen

Karen Brown

Executive Assistant

Office of Acting Chairman Rostin Behnam

Commodity Futures Trading Commission

202-418-5575 kbrown@cftc.gov

<image001.png>

<image002.png>

<image003.png>

<image004.png>

<image005.png>

From: Mark Wetjen <mwetjen@miami-holdings.com>
Sent: Thursday, August 26, 2021 9:31 AM
To: Behnam, Rostin <RBehnam@CFTC.gov>
Cc: Gillers, David <DGillers@CFTC.gov>; Brown, Karen <KBrown@CFTC.gov>
Subject: [EXTERNAL] RE: Request for meeting/call on urgent LedgerX matter

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Including Karen here – thanks again.

Mark

From: Mark Wetjen
Sent: Thursday, August 26, 2021 9:30 AM
To: Behnam, Rostin <RBehnam@cftc.gov>
Cc: 'dgillers@cftc.gov' <dgillers@cftc.gov>
Subject: Request for meeting/call on urgent LedgerX matter

Mr. Chairman and David,

Reaching out to seek some time to discuss with you a LedgerX matter of considerable urgency. Can you please accommodate a request to have a brief discussion on this? Many thanks for considering.

Mark

Mark Wetjen

CEO of MIAX Futures

.....

miax

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Zach Dexter
CEO
Ledger Holdings Inc.
917-267-2381

Privileged and Confidential

Message

From: Behnam, Rostin (b)(7)(E)
(b)(7)(E)
Sent: 9/27/2021 6:44:47 PM
To: Somensatto, Jason (b)(7)(E)
(b)(7)(E)
CC: Gillers, David (b)(7)(E)
(b)(7)(E)
Subject: FW: [EXTERNAL] FW: Submission from FTX on Senator Toomey Request for Comment
Attachments: FTX Letter, re Senator Toomey Request for Comment on Crypto Regulation and Legislation, Sept 27, 2021.pdf

FYI.

Let's discuss at some point. No rush.

From: ryne@ftx.us <ryne@ftx.us>
Sent: Monday, September 27, 2021 6:20 PM
To: Behnam, Rostin <RBehnam@CFTC.gov>; Gillers, David <DGillers@CFTC.gov>; Dunfee, John <jdunfee@CFTC.gov>
Cc: 'Sam Bankman-Fried' <sam@ftx.us>; 'Brett Harrison' <brett@ftx.us>
Subject: [EXTERNAL] FW: Submission from FTX on Senator Toomey Request for Comment

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Acting Chairman Behnam, David, John,
Hope all is well with you. Sending as a FYI – please find attached a letter we have submitted today in response to Senator Toomey's Senate Banking request for "Feedback on Clarifying Laws Around Cryptocurrency and Blockchain Technologies." We are happy to discuss any of these ideas (all still at a high level and in the formation stage) and more generally, we look forward to catching-up sometime this fall to update you on our progress with LedgerX. Our current projection for a closing date is early-middle October.

Best,
Ryne

Best,
Ryne

Ryne Miller
General Counsel, FTX US
ryne@ftx.us

Mobile: 405 517 7570

From: ryne@ftx.us <ryne@ftx.us>
Sent: Monday, September 27, 2021 1:49 PM
To: submissions@banking.senate.gov
Cc: 'Sam Bankman-Fried' <sam@ftx.us>; 'Brett Harrison' <brett@ftx.us>; 'Trevor Levine' <trevor.levine@ftx.us>
Subject: Submission from FTX on Senator Toomey Request for Comment

On behalf of FTX US, please find attached our letter submission in response to Senator Pat Toomey's request for "Feedback on Clarifying Laws Around Cryptocurrency and Blockchain Technologies."

We are happy to discuss any aspect of this submission, and we look forward to being a resource as the Committee considers these issues.

Best,
Ryne

Ryne Miller
General Counsel, FTX US
ryne@ftx.us

Mobile: 405 517 7570



September 27, 2021

Submitted Electronically
submissions@banking.senate.gov

Senator Pat Toomey
Ranking Member
United States Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

**Re: FTX US Response to Request for Feedback on Clarifying Laws
Around Cryptocurrency and Blockchain Technologies**

Senator Toomey,

In response to your request for feedback on clarifying laws around cryptocurrency and blockchain technologies, we are pleased to submit these comments from West Realm Shires Services Inc. d/b/a FTX US (“FTX US”). FTX US operates a regulated cryptocurrency spot trading platform in the U.S., and it soon intends to offer a U.S. regulated cryptocurrency derivatives trading and clearing platform via our announced acquisition of LedgerX.¹ FTX US supports pursuing a unified Federal regulatory program for spot and derivatives cryptocurrency trading platforms in the U.S. We think this is critical to ensuring that the U.S. continues to offer the deepest, most liquid, and most efficient financial markets in the world, and that the U.S. remains a leader with respect to new technologies that will facilitate large amounts of global commerce in the not-so-distant future. In this submission, we outline our thoughts on the goals and benefits of U.S. leadership on cryptocurrency regulation as well as our initial perspectives on how certain aspects of that regulatory regime may be structured. Specifically, we outline (i) a potential framework for a unified Federal approach to the U.S. regulation of cryptocurrency spot and derivatives markets, and (ii) a proposed process through which the relevant Federal market regulatory agencies could eliminate uncertainty related to the regulatory status of novel digital assets while simultaneously addressing important regulatory interests and priorities.

Benefits of a Unified Federal Regulatory Program for Cryptocurrency Markets

The economic benefits of U.S. policymakers pursuing a practical, transparent, and robust approach to the regulation of cryptocurrency are clear—innovation, jobs, growth, and increased tax revenue. Alongside furthering these important economic goals, an appropriately calibrated U.S. regulatory program would materially enhance U.S. interests in investor and

¹ FTX US, through its parent company West Realm Shires Inc., has announced that it has agreed to acquire Ledger Holdings, Inc., the parent company of LedgerX, which is registered with the U.S. Commodity Futures Trading Commission (“CFTC”) as a designated contract market, swap execution facility, and derivatives clearing organization.



consumer protection, market integrity, financial crimes enforcement, and national security capabilities. Importantly, a successful U.S. approach to a unified Federal regime for cryptocurrency markets' regulation would quickly become the leading model for similar global standards. Furthermore, it would help ensure that the cryptocurrency industry matures under U.S. oversight while supporting global usage of the US Dollar.

Overview of Cryptocurrency Spot and Derivatives Markets

Cryptocurrency markets, like all markets, may be transacted in by trading through spot markets and/or derivatives markets. In spot markets, participants buy and sell cryptocurrency in exchange for either fiat currencies or other cryptocurrencies, and the transactions are settled and result in delivery of the token basically at the same time as the trade is executed. In derivatives markets, participants may transact in a series of instruments that reference cryptocurrency spot prices, including futures, options, and swaps, but that do not “settle” until a time period—be it a day, week, month or longer—following execution. When transacting in cryptocurrency derivatives, the referenced cryptocurrency is rarely delivered, and most contracts are either written to settle financially or, if written to settle at expiry via physically deliver, are closed out prior to their expiration.

Notwithstanding the difference in the way the transactions are settled, a deep, liquid, and well-functioning derivatives market is critical to promoting transparency, efficiency, and integrity in spot markets. This is true in markets for energy, agricultural, and a range of other physical commodities, equity securities, bonds, currencies, and interest rates, and it is true for cryptocurrency markets. Globally, the majority of the trading volume in most asset classes—including cryptocurrencies—occurs through derivatives transactions. These markets, through related hedging, arbitrage, and other cross-market trading strategies, provide the majority of the price discovery and liquidity that is seen in spot markets.^{2,3}

In the U.S., for a variety of reasons, cryptocurrency derivatives reflect a meaningfully lower percentage of total cryptocurrency trading volume than do spot transactions. While derivatives generally comprise greater than 60% of global cryptocurrency volume, they are generally less than 20% of U.S. volume. We believe that U.S. regulators and policymakers have a unique opportunity to support the growth of an integrated U.S. cryptocurrency spot and derivatives market—and we believe an integrated cryptocurrency spot and derivatives market is an essential ingredient needed to achieve the economic and policy goals set forth above.

Existing Regulatory Regime

Today, U.S. cryptocurrency spot exchanges are generally regulated under a fragmented 50-state approach that is largely an extrapolation of traditional state money

² To illustrate this point: effective predictive models of cryptocurrency price movement will generally place greater aggregate weight on derivatives market movements than on spot market movements.



transmitter license requirements or other similar regimes. At the federal level, the CFTC has authority to police spot commodities markets for fraud and manipulation. In addition, the U.S. Securities and Exchange Commission (“SEC”) has also asserted jurisdiction over certain aspects of U.S. spot cryptocurrency markets.⁴ In sharp contrast, U.S. cryptocurrency derivatives markets are regulated solely by the CFTC—the Federal regulator directed by Congress to regulate U.S. derivatives markets. Navigating the various, and occasionally conflicting, requirements of these competing regulatory groups—the states, the CFTC, and the SEC—has created an environment of uncertainty and practical friction for companies that may otherwise seek to provide an integrated marketplace for the trading of cryptocurrency spot and derivative transactions. And this is impeding the growth of the U.S. cryptocurrency industry.

Proposed Components of Regulatory Approach

Because global markets have consistently demonstrated that an integrated spot and derivatives market is critical to price discovery and liquidity for any asset class, we believe that the U.S. should pursue a cryptocurrency regulatory approach that would support that outcome. In order to develop an integrated spot market and derivatives market approach to cryptocurrency market regulation in the U.S., we think it is important to consider legislation, rules and regulation, guidance, and other similar approaches with the following standards in mind:

- *Single regulatory program for spot and derivatives.* Trading venues facilitating cryptocurrency spot and derivatives transactions should be invited to opt into a single Federal regulatory program (perhaps jointly administered by the CFTC and SEC, *see below*) that would govern both sets of transactions. This approach would facilitate five key benefits of a successfully integrated marketplace:
 - Cross-margining between spot and cryptocurrency accounts (and thus capital, risk management, and related efficiencies);
 - A single regime with which to conduct market surveillance for trade and risk management issues (and a single point of contact for regulators investigating similar issues);
 - Operational efficiencies associated with not having to transfer assets as collateral between and across multiple venues;
 - A single regime into which regulatory bodies can introduce measures that can affect both spot and derivatives markets

⁴ For example, the SEC has, through guidance and enforcement, asserted that certain crypto tokens are securities and thus that the issuance and offering of those tokens constitutes securities offerings. Similarly, the SEC has alleged that trading venues for certain crypto tokens may have been operating as unregistered securities exchanges.



(including the certainty and protection provided by Federal regulatory oversight); and

- Avoiding the burdensome and inefficient costs, including for market participants, of navigating a fragmented 50-state approach to marketplace regulation, where none of those regimes are in fact designed for market regulation.
- *Joint CFTC-SEC Regulatory Solution for Assets with Novel Status.* We believe that the CFTC and SEC, through existing statutory authorities and exemptive authorities—and the conditions they are authorized to include in any such exemptions—are empowered to create a unique joint regulatory solution for cryptocurrency markets. Specifically, the two agencies could create a regulatory solution that solves for the transparency, disclosure, reporting, recordkeeping, trade surveillance, and customer and investor protection issues that each agency requires, but in a way such that a trading venue may facilitate transactions in cryptocurrency tokens without having to first conclude whether the token is a commodity, security, derivative, or otherwise.⁵
 - The SEC and CFTC have navigated analogous jurisdictional questions several times in their history—from products based on securities indices, security futures products, options on commodity based exchange traded funds, and “mixed swaps” (*i.e.*, swaps with aspects of both securities and commodities price references).
 - In each instance, whether through regulatory cooperation and joint guidance, rulemaking, joint exemptive orders, and/or legislation, the two agencies have been able to generate innovative regulatory solutions that (1) solve for the key policy and regulatory objectives of each regulator, and (2) provide market participants the certainty needed to continue to build the products and services that have kept the U.S. financial markets at the global forefront.
 - The SEC and CFTC could also direct the marketplaces to only list tokens that meet certain requirements, including transparency and disclosure requirements, amongst others, and pursuant to a set of ongoing regulatory reporting and recordkeeping requirements, which are hallmarks of both agencies’ existing market oversight regimes.

⁵ To clarify, for product sets that are clearly commodities and commodity derivatives, or clearly securities, this proposal is styled as an alternative but not exclusive approach—it would not prevent a venue from listing those products under the traditional CFTC or SEC regulatory structure for those products, should they elect to do so.



We understand and appreciate that these are novel approaches to the U.S. regulation of cryptocurrency spot and derivatives markets and that much more discussion and collaboration will follow between policymakers, regulators, and market participants. We look forward to working actively with policymakers and regulators at both the state and Federal level (in parallel with our diligent focus on compliance with existing rules and guidance). We are committed as an organization to keep working through these proposals and to further build out the details that will be required to bring each of these ideas forward. We believe in the promise of cryptocurrency and blockchain technology, and we believe that the U.S. is uniquely positioned to become the global leader in cryptocurrency markets. From that perspective, we believe that achieving a robust, practical, and workable unified Federal regulatory program for cryptocurrency spot and derivatives markets and a sensible interagency process for determining the regulatory status of novel digital assets will mark a significant step towards securing that position.

* * * *

Please do not hesitate to reach out to the undersigned if we may provide additional information.

Sincerely,

/s/ Sam Bankman-Fried

Sam Bankman-Fried
CEO and Co-Founder, FTX US

Cc:

Brett Harrison, President, FTX US

Ryne Miller, General Counsel, FTX US

Message

From: Behnam, Rostin (b)(7)(E) (b)(7)(E)
Sent: 10/15/2021 8:56:48 PM
To: sam@ftx.us
CC: ryne@ftx.us; Mark Wetjen (b)(6); brett@ftx.us; Zach Dexter [zach@ledgerx.com]
Subject: Re: [EXTERNAL] Thoughts on Stablecoin Regulation

Sam,

Thank you for sending along the post.

Best,

Rostin Behnam
Acting Chairman
U.S. Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581
(202) 418-5575
rbehnam@cftc.gov http://www.cftc.gov

On: 15 October 2021 11:36, "Sam Bankman-Fried" <sam@ftx.us> wrote:

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Commissioner Benham,

We've been drafting some thoughts on a potential stablecoin regulatory framework. We wanted to shoot it over to you so you can get a first look at it; we're always open to thoughts/feedback!

Also--in light of the recent Bitfinex/Tether settlement viewing USDT as a commodity--thought it might be topical for the CFTC.

<https://blog.ftx.com/policy/context-stablecoin-regulation>

Sam

—
Sam Bankman-Fried