

SPEECHES & TESTIMONY

Chairman Giancarlo Statement on Virtual Currencies

CFTC Also Releases Backgrounder on Oversight of and Approach to Virtual Currency Futures Markets

January 4, 2018

Washington, DC – Commodity Futures Trading Commission (CFTC) Chairman J. Christopher Giancarlo issued the following statement on virtual currencies today. Additionally the CFTC has released a [backgrounder on its oversight of and approach to virtual currency futures markets](#).

"The CFTC's Market Risk Advisory Committee (MRAC), sponsored by CFTC Commissioner Rostin Behnam, has today announced that it will hold a meeting on January 31, 2018 to consider the process of self-certification of new products and operational rules by Designated Contract Markets (DCMs) under the Commodity Exchange Act (CEA) and CFTC regulations," said Giancarlo. "The MRAC meeting is scheduled to take place the week after a January 23, 2018 meeting of the CFTC Technology Advisory Committee (TAC), sponsored by CFTC Commissioner Brian Quintenz, which will consider the related challenges, opportunities, and market developments of virtual currencies. Both the MRAC and TAC January meetings are timely and have the support of the full Commission. My fellow Commissioners and I look forward to thorough and thoughtful discussions.

"Undoubtedly, virtual currency and virtual currency derivatives present both significant opportunities and challenges. As a Federal market regulator, the CFTC is cognizant of the considerable risks of virtual currencies like Bitcoin. In addition to the nascent stage of the technology itself, risks associated with virtual currencies include: operational risks of unregulated and unsupervised trading platforms; cybersecurity risks of hackable trading platforms and virtual currency wallets; speculative risks of extremely volatile price moves; and fraud and manipulation risks through traditional market abuses of pump and dump schemes, insider trading, false disclosure, Ponzi schemes and other forms of investor fraud and market manipulation.

"In 2014, the CFTC declared virtual currencies to be a "commodity" subject to oversight under its authority under the CEA. Since then, the CFTC has taken action against unregistered Bitcoin futures exchanges, enforced the laws prohibiting wash trading and prearranged trades on a derivatives platform, issued proposed guidance on what is a derivative market and what is a spot market in the virtual currency context, issued warnings about valuations and volatility in spot virtual currency markets and addressed a virtual currency Ponzi scheme. The CFTC has also produced consumer information about virtual currencies, including a dedicated Bitcoin webpage, a virtual currency primer and several podcasts.

"One thing is certain: ignoring virtual currency trading will not make it go away. Nor is it a responsible regulatory strategy. The CFTC has an important role to play. The CFTC seeks to promote responsible innovation and development that is consistent with its statutory mission to enhance derivative trading markets and to prohibit fraud and manipulation in connection with commodities in interstate commerce.

"The responsible regulatory response to virtual currencies is consumer education, asserting CFTC authority, surveilling trading in derivative and spot markets, prosecuting fraud, abuse, manipulation and false solicitation and active coordination with fellow regulators. The CFTC has been following this course of action and will continue to do so.

"I salute my fellow Commissioners for their efforts in arranging the MRAC and TAC January meetings. I look forward to smart, sensible, and lively discussions."

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