

February 18, 2011

The Honorable Mary Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

The Honorable Gary Gensler
Chairman
U.S. Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Dear Chairman Schapiro and Chairman Gensler:

The Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues was established on May 11, 2010, only a few days after the dramatic securities market events of May 6, 2010, called by some the “Flash Crash.” The Committee is charged with addressing regulatory issues of mutual concern to the CFTC and SEC. Subjects identified in the Committee’s charter include: identifying emerging regulatory risks, assessing and quantifying the impact of such risks and their implications for investors and market participants, and furthering the efforts of the CFTC and the SEC towards regulatory harmonization.

The first item on the agenda of the Committee has been to conduct a review of the market events of May 6 and to make recommendations related to market structure and liquidity issues that may have contributed to the volatility experienced on that day. The Committee has received two reports from the staffs of the CFTC and the SEC, a report dated May 18, 2010: “Preliminary Findings Regarding the Market Events of May 6, 2010,” and a report dated September 30, 2010: “Findings Regarding the Market Events of May 6, 2010.” It has received testimony and comments from various market participants and has held public meetings on May 24, June 22, August 11, and November 5, 2010.

The Committee has prepared the accompanying report: “Recommendations Regarding Regulatory Responses to the Market Events of May 6, 2010,” for discussion at a meeting of the Committee on February 18, 2011. In making these recommendations, the Committee wishes to emphasize that they are advisory in nature. While we feel strongly about addressing the concerns that we discuss and underlie our report, we have the highest confidence in the judgment and expertise of the Commissions.

Commissioner Schapiro
Commissioner Gensler
Page Two

We recognize that both Commissions have been closely reviewing the trading on May 6th and the appropriate regulatory actions that should be taken. Please take our report as one input to weigh in making the difficult decisions that are before you.

Respectfully submitted,

The Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues
Members:

Brooksley E. Born, Retired Partner, Arnold & Porter LL.P, Former Chairman CFTC

John J. Brennan, Chairman Emeritus and Senior Advisor, Vanguard Group

Robert F. Engle, Michael Armellino Professor of Finance, Leonard N. Stern School of
Business, New York University

Richard G. Ketchum, Chairman and Chief Executive Officer, FINRA

Maureen O'Hara, Robert W. Purcell Professor of Finance, Cornell University

Susan M. Phillips, Dean and Professor of Finance, The George Washington School of
Business, Former CFTC Chairman

David S. Ruder, Professor of Law, Emeritus, Northwestern University School of Law,
Former SEC Chairman

Joseph E. Stiglitz, Professor of Finance and Business Administration,
Columbia University