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November 30, 2011

The Honorable A. Roy Lavik
Inspector General
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Inspector General Lavik:

I write to request your review of the oversight and regulation by the Commodity Futures Trading Commission (“CFTC”) of MF Global Inc. (“MFGI”), which is now subject to a liquidation proceeding initiated by the Securities Investor Protection Corporation (“SIPC”). Recently, the Trustee for the MFGI liquidation has indicated that there appears to be a substantial shortfall in the funds that should have been segregated by MFGI for the benefit of its commodity account customers. I understand that the Department of Justice, the CFTC, the Securities and Exchange Commission, the Trustee, and the SIPC are still trying to locate the missing customer funds. In the meantime, thousands of customers have been denied access to their funds and, as a consequence, many are facing tremendous hardships.

The fact that all of MFGI’s customer funds cannot be accounted for raises serious public policy concerns. It is the responsibility of the CFTC to ensure that customer commodity accounts are protected and that customers retain access to their funds in the event of the bankruptcy of a futures commission merchant. Accordingly, once the immediate concerns about customers’ access to their funds are addressed, I request that you initiate a review of the CFTC’s oversight and regulation of MFGI and report your findings to the Senate Committee on Banking, Housing, and Urban Affairs. In the meantime, please make any necessary preparations to ensure that all of the relevant documents for such a review are preserved and take any other appropriate actions needed to ensure that you can conduct a thorough review of this matter.

Please include in your report:

- 1) A detailed account of the CFTC’s role in overseeing and regulating MFGI, including an assessment of whether its oversight and regulation of MFGI differed in any material way from its oversight and regulation of other futures commission merchants;

- 2) A detailed account of how the CFTC coordinated with the Chicago Mercantile Exchange (“CME”), the designated self-regulatory organization for MFGI, in overseeing MFGI’s customer segregated funds;
- 3) A summary of relevant examination manuals or other guidance for staff involved in overseeing and regulating MFGI or monitoring the CME’s oversight of MFGI;
- 4) An analysis of whether and how the CFTC’s oversight of MFGI changed after the CFTC’s enforcement actions against MFGI in December 2007 and December 2009;
- 5) An analysis of the CFTC’s role in the determination that caused MFGI to increase its net capital in August 2011;
- 6) An analysis of the CFTC’s activities with respect to MFGI in the week prior to the liquidation;
- 7) An analysis of whether CFTC Chairman Gary Gensler’s decision to recuse himself from matters relating to the MFGI investigation is consistent with the CFTC’s official recusal policy; and
- 8) An analysis of whether and how a decision by CFTC Chairman Gary Gensler to recuse himself from previous matters relating to MFGI would have been consistent with the CFTC’s official recusal policy.

Thank you for your consideration of this request.

Sincerely,



Richard C. Shelby