

Key Questions Senators Should Ask Mike Selig, the Nominee to Chair the Commodity Futures Trading Commission

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Mike Selig, President Trump’s nominee to chair the Commodity Futures Trading Commission (CFTC), is set to [appear](#) before the Senate Agriculture Committee on November 19, 2025. The CFTC’s mandate has long been to regulate markets [that directly affect the prices of everyday essentials](#) such as food, gas, and electricity. The next chair of the CFTC will also need to consider the CFTC’s role and responsibilities in newer and untested markets such as crypto and prediction markets. As a result, it is essential that the next chair of the CFTC prioritizes the interests of the American people and not the interests of the industries the CFTC is supposed to regulate. Here are key questions that Senators should ask Mr. Selig during his confirmation hearing.

Crypto

General

The Administration is engaged in a whole-of-government approach to shift the responsibility of oversight of the crypto market from the Securities and Exchange Commission (SEC) to the CFTC. This includes the SEC releasing staff guidance opining that certain types of crypto assets and arrangements fall outside the scope of securities law (for example, [memecoins](#) and [staking arrangements](#)) and the CFTC endeavoring to assert more jurisdiction over crypto assets.

Though the CFTC does not currently have the authority to oversee the spot market for crypto assets (but for fraud and manipulation in the market), Acting Chair Pham has [announced plans](#) for the agency to “launch an initiative for trading spot crypto asset contracts that are listed on a CFTC-registered futures exchange (designated contract market or DCM).” Those plans also include the CFTC providing DCMs with guidance on allowable leveraged transactions for retail traders in crypto markets.

- **Questions:**
 - **Without new legislation, the CFTC has no authority to regulate spot trading of commodities on CFTC-registered designated contract markets. And yet, Acting Chair Pham has announced the agency’s intent to have these DCMs start trading spot crypto assets. How does the CFTC expect to engage in investor protection and prevent fraud and manipulation in markets where it has no legal authority?**

- **Currently, crypto traders are unable to access leverage in the spot crypto market. Acting Chair Pham has indicated that she would like to finalize guidance to allow for such leverage. Do you agree that retail leverage in crypto trading is a good idea?**
 - **What amount of leverage do you think is appropriate for retail traders in the crypto market, particularly in light of crypto market events in October where the President's tariff announcements combined with immature market structure led to widespread liquidations of traders' leveraged positions?**

Enforcement

While the CFTC's [enforcement action repository](#) shows the resolution of some crypto-related cases brought in previous years, it does not indicate a single new enforcement action brought since January 2025 related to crypto assets.

- **Questions:**
 - **Do you believe that lack of enforcement actions reflects a lack of wrongdoing in the crypto industry?**
 - **Does it reflect a change in enforcement priorities in the current CFTC leadership?**
 - **How much of it is attributable to staff attrition?**

Vertical Integration in Crypto Markets

Currently, spot crypto markets are entirely vertically integrated. This means that a crypto broker can also serve as a crypto exchange, clearing agency, investor in individual crypto tokens or issuers and can engage in proprietary trading on their own exchange. As you know, these types of conflicts are prohibited in the securities market. Congressional legislation is attempting to grapple with this question now.

- **Questions:**
 - **How should Congress grapple with questions of vertical integration in crypto markets? Do you agree that this can pose conflicts of interest that can harm retail investors?**
 - **Should crypto exchanges be permitted to invest in tokens that they list?**
 - **Should crypto exchanges be required to allow all eligible brokers to execute on their exchange, or should they be able to limit access?**

Prediction Markets

Prediction markets are exchanges where people can [bet on event outcomes by purchasing event contracts](#). The bettor takes the position that either an event will or will not occur. If the bettor takes the right position, they win.

Prediction markets generally may or may not be valuable. In the context of event contracts on elections and sporting events, however, they pose a number of [very serious dangers](#). Moreover, they simply have no business being regulated and overseen by the CFTC.

One of the most alarming aspects of political event contracts is that they facilitate the [gamification of elections](#). By turning the outcome of elections into a financial betting market, they reduce the democratic process to a spectacle where the focus shifts from civic responsibility to profit-making. Political event contracts—whether on presidential, congressional, or local elections—threaten to undermine the integrity of elections, encouraging the public to treat voting as a game on which to profit rather than a vital part of civil engagement.

Event contracts on sporting events may be less of a threat to democracy but more of a threat to the public. That's because there is an [epidemic of sports gambling addiction](#) in this country. And the problem will [only get worse](#) if event contracts on sporting events are allowed to trade on federally regulated exchanges. Unlike state-regulated gaming, which often includes age restrictions, addiction resources, and limits on exposure, event contracts on sporting events could be marketed nationwide with few restrictions. This could open the door to widespread speculation on sports without any of the safeguards that typically apply to gambling.

In any event, the CFTC has no business regulating event contracts on either elections or sporting events. The CFTC is not the Federal Election Commission, and the states regulate gambling on sports. Indeed, the CFTC's own rules prohibit event contracts on assassination, war, gaming, or other actions deemed illegal under federal or state law. Many state laws prohibit betting on elections. And sports gambling obviously implicates gaming. The CFTC is supposed to regulate derivatives contracts that have real economic value, such as to hedge against price fluctuations in commodities or financial assets; election betting and sports gambling have [no such function](#).

- **Questions:**

- **If the CFTC's rules prohibit event contracts on gaming or activity that is illegal under state law, and some states prohibit both betting on elections and betting on sports, how can the CFTC permit event contracts on elections and sporting events?**
- **As counsel in a previous role, you argued on behalf of a client that the CFTC's characterization of sporting events (among other categories of events) as forms of "gaming" is "arbitrary and capricious." Is this your personal view?**

Position Limits

For [50 years](#) the CFTC has been charged with keeping commodity markets fair so that prices for essential goods like food, gas, and electricity reflect supply and demand and aren't manipulated by big financial firms due to excess speculation. And one of the most important tools the CFTC uses to prevent price manipulation is [position limits](#).

Position limits are guardrails designed to stop financial firms from hoarding too many commodities contracts for oil, gas, wheat and other commodities and unfairly driving up prices. They limit the number of commodity contracts a trader or company can hold. This ensures that no single trader or firm can have such a large position that it could manipulate the market, create artificial shortages, or cause needless price swings. Without position limits, large financial firms could gain outsized control over key markets and distort prices. This unchecked speculation would drive up costs for everyday consumers, making necessities like food and travel unaffordable for many households. By preventing excess speculation, position limits help ensure that prices remain fair and reflect actual supply and demand rather than market manipulation.

In 2021, the CFTC enacted an updated position limits rule that was supposed to curb excessive speculation in the commodity futures market. However, because the CFTC has not publicly disclosed the impact of the limits set in 2021, [it remains unclear](#) whether these limits are effectively preventing market manipulation and excess speculation and protecting consumers or [not](#). The CFTC should conduct a comprehensive [commodity-by-commodity assessment](#) of its current position limits and provide the public with a detailed report on whether they are effective.

- **Question: Will you conduct a commodity-by-commodity review of current position limits to determine if they are effective, release a report of that review to the public, and undertake additional reforms to strengthen consumer protections and ensure fair pricing in commodity markets if existing limits are not functioning as intended?**

24/7 Trading

Earlier this year, the CFTC issued a [request for comment](#) regarding the trading and clearing of derivatives on a 24/7 basis. [As we said in response](#), permitting 24/7 trading without first establishing clear regulatory guardrails would expose the derivatives markets to significant and novel risks. Continuous trading fundamentally alters the structure and rhythm of the market, eliminating critical periods for system maintenance, surveillance review, and risk recalibration.

Around-the-clock trading strains operational and compliance capacities, particularly during weekends and holidays when staffing and liquidity are typically reduced. It also raises questions about how margins can be managed, how defaults can be addressed, and how customers—especially retail participants—can be adequately protected in a non-stop trading environment. For example, the ability to move money or post collateral is significantly limited on the weekends compared to during normal trading hours. That fundamental constraint alters the risk profile of the entire system, exposing both firms and customers to heightened vulnerabilities. Without

comprehensive rules and enforceable standards in place, a shift to 24/7 trading could undermine market resilience and increase the likelihood of systemic disruptions.

Despite these risks, the CFTC allowed Coinbase, a registered entity, to [launch 24/7 trading](#) even before the comment period ended. This premature decision undermined the integrity of the administrative process and signaled that the CFTC had no intention of considering meaningful input about the risks of 24/7 trading from market participants, consumer advocates, or other stakeholders. The CFTC endangered customers and markets by allowing such trading to commence without first establishing a regulatory framework or minimum safeguards.

- **Questions:**

- **Why would the CFTC permit 24/7 trading at the same time as it was soliciting comment on whether it should permit 24/7 trading?**
- **Why would the CFTC ignore the concerns about 24/7 trading that were raised by a broad cross-section of market participants at its roundtable in October 2024?**
- **What framework or safeguards do you plan to put in place to ensure that 24/7 trading does not cause market disruptions or leave retail market participants unprotected?**

Perpetual Futures

The CFTC also requested [comment](#) on the trading and clearing of perpetual futures, which are a good example of a product that highlights the dangers of 24/7 trading. Perpetual futures do not expire and are continuously benchmarked to a reference price. Unlike traditional futures, which mature and settle, these instruments allow users to hold open positions [indefinitely](#).

Perpetual futures are not designed for hedging or long-term risk management. Instead, their around-the-clock trading model, synthetic pricing mechanisms, and infinite duration are more reminiscent of speculative gaming. Retail investors lured by the promise of 24/7 trading and high leverage may unknowingly assume excessive risk, often with little understanding of how these contracts function or how losses can rapidly compound. It is not clear that these products fit the definition of a futures contract or align with the Commission's public interest mandate to ensure fair, orderly, and transparent markets while protecting customers from abusive practices.

Beyond the risks to individual investors, perpetual futures pose [broader structural threats](#) to the integrity and stability of the U.S. derivatives market. Their continuous nature, high leverage, and reliance on synthetic pricing mechanisms introduce novel stressors into clearing systems and risk management frameworks that were designed around contracts with defined maturities and predictable exposure cycles. The high amounts of leverage embedded in perpetual futures also exposes the financial system to a high degree of risk, as evidenced by the [October 10 crash in crypto markets](#). If introduced without clear regulatory guardrails, perpetual derivatives could weaken the foundation of the clearing ecosystem, exacerbate systemic vulnerabilities, and erode public confidence in the integrity of the derivatives market.

- **Questions:**

- **Do you believe that perpetual futures qualify as “contracts of sale of a commodity for future delivery” under the Commodity Exchange Act given their lack of fixed expiration, final settlement, and convergence to an underlying cash market?**
- **If not, do you believe they fall within the definition of a “swap” under the CEA?**
- **Regardless of classification, what steps would you take to protect the market from products that appear to be for speculation and lack a demonstrable hedging utility?**
- **Did the October 10th crash in crypto markets expose any challenges or fragilities in the perpetual futures market that you think the CFTC ought to explore?**

The CFTC’s Lack of Minority Commissioners

The challenging substantive issues facing the CFTC are compounded by some structural issues. The CFTC currently has only one member, the acting chair. The only pending nomination is for a permanent chair. A CFTC with only one member will [struggle to fulfill its mandated mission](#).

The absence of any commissioners from the minority party will prevent the agency from considering a wide range of opinions as it confronts the critical issues facing our economy and financial system. The CFTC plays a crucial role in overseeing the multi-trillion-dollar derivatives and commodities markets, which help stabilize prices for essential goods and services such as food, gas, and electricity, and performing that oversight function effectively requires fulsome deliberation and thorough consideration of as many factors and views as possible. The presence of minority-party commissioners is not just good governance but ensures that regulatory decisions are [subject to debate](#) rather than being purely partisan exercises.

Former Republican CFTC Chair Chris Giancarlo himself expressed this view in [testimony](#). He said that the CFTC “has a long history of encouraging bipartisan cooperation and collaboration among its Commissioners” and that bipartisanship “is critical for the success of the CFTC in accomplishing its mission—only through continued bipartisanship and cooperation can the CFTC truly achieve its mission of fostering open, competitive, and financially sound markets.”

- **Questions:**

- **Do you support the nominations of minority commissioners to the CFTC?**
- **If so, what are you doing about it and what would you do to support bipartisanship at the CFTC? If not, how do you plan to run the agency as the only commissioner?**

The CFTC's Budget and Staff Attrition

The CFTC is also [chronically underfunded](#). Since the passage of the Dodd-Frank Act in 2010, the CFTC's budget has barely doubled, yet the derivatives market is 20 times bigger. In fiscal year 2024, the CFTC's budget was \$365 million. The derivatives market that the CFTC oversees now exceeds \$600 trillion in notional value. As a result, the CFTC operates with far fewer resources than necessary. The disparity between the CFTC's funding and the size of the market it policies severely constraints its ability to effectively supervise, regulate, and enforce laws in this market.

Rather than improve this situation, the Trump administration has exacerbated it. It [fired](#) staff members that had been with the agency for only one or two years less than a month after the inauguration. Over the summer, it fired [even more of its staff](#). "Voluntary resignation programs" have also led to [a signification reduction](#) in staff size. And its latest budget request asks for a [30%](#) reduction in enforcement staff. With fewer cops on the beat, the risks of unchecked speculation and market manipulation grow and [threaten the financial security of everyday Americans](#).

- **Question: How are you going address the CFTC's chronic underfunding and staff attrition to ensure the CFTC can effectively oversee both the traditional derivatives market and new markets under its purview such as crypto and prediction markets?**

The CFTC's Whistleblower Program

The CFTC's underfunding implicates more than just its own personnel. That's because another part of the CFTC that faces significant funding challenges is [its whistleblower program](#). The program offers financial rewards to eligible whistleblowers whose information leads to successful prosecutions. These incentives are crucial for motivating people to risk coming forward. Unfortunately, the program's funding mechanism threatens its long-term sustainability.

In 2010, Congress created the whistleblower program after the 2008 financial crisis exposed serious gaps in regulatory oversight and highlighted the need for stronger enforcement mechanisms to detect and prevent unlawful activities in financial markets. Congress realized that people with insider knowledge are often the first to spot fraud and misconduct. Fifteen years later, the evidence shows that the whistleblower program has done just that. Since its inception, the program has contributed to over [\\$3.2 billion](#) in collected penalties and has supported numerous high-profile enforcement actions.

Despite its success, the whistleblower program is threatened by its funding mechanism. The program relies on the Customer Protection Fund to finance both whistleblower awards and its operational costs. However, the Customer Protection Fund is capped at \$100 million. Large whistleblower awards can quickly deplete the fund due to this cap, preventing the accumulation of sufficient reserves to cover substantial payouts and hindering [the program's effectiveness](#). Without a sustainable long-term funding solution, the whistleblower program will face significant obstacles in continuing its essential role in market oversight and enforcement.

- **Question: Do you support the CFTC's whistleblower program, and if so what actions will you take to ensure that the program is adequately funded?**

Voluntary Carbon Credits

The CFTC's budget and the funding for its whistleblower program may be largely outside its control, but in September the CFTC itself took action that harmed participants in derivatives markets. The CFTC [withdrew](#) its previously issued guidance regarding the listing of voluntary carbon credit (VCC) derivatives contracts. The CFTC did so despite [recognizing](#) that the guidance was intended to assist market participants with understanding how the existing regulatory framework applies to VCC derivatives contracts and to help market participants advance the standardization of such products in a manner that promotes [transparency and liquidity](#).

VCC derivatives contracts stem from market-based mechanisms to support emission reduction efforts. A carbon market refers to an economic mechanism to support the buying and selling of environmental commodities that represent greenhouse gas emission reductions or removals from the atmosphere. Voluntary carbon markets enable market participants to purchase, on a voluntary basis, carbon credits that upon retirement represent reductions or removals of greenhouse gas emissions. VCCs are tradable intangible instruments that are issued by a carbon crediting program. A participant in the voluntary carbon markets may purchase a VCC, representing an emissions reduction or removal by another party, to supplement emissions reductions or removals achieved from the participant's own operations or activities.

Therefore, liquid and transparent markets in high-integrity VCCs may serve as tool [to facilitate emissions reduction efforts](#). The CFTC issued the [guidance](#) to help ensure that, upon delivery, the quality and other attributes of VCCs underlying a derivative contract will be as expected by position holders. This would support accurate pricing, help reduce the susceptibility of the contract to manipulation, and foster confidence in the contract that can enhance liquidity.

- **Questions:**
 - **Do you support market-based solutions for willing participants to reduce greenhouse gas emissions?**
 - **If so, what purpose could be served by providing market participants with less guidance regarding a market-based solution that has arisen and that is subject to the CFTC's jurisdiction?**

Communications with Industry

President Trump's first nominee for CFTC Chair was Brian Quintenz. Quintenz's [recent roles](#) as Head of Policy at Andreessen Horowitz, where he [led its crypto lobbying efforts](#), and as a board member of Kalshi raised [conflicts of interest](#). Andreessen Horowitz is pushing for favorable regulations in the crypto markets, and Kalshi is attempting to legalize sports betting through CFTC



oversight. Quintenz's ties to both firms created a clear risk that he would prioritize the interests of these firms over the CFTC's mission to protect markets, investors, and the public.

Nonetheless, these concerns are not what sunk Quintenz's nomination. Incredibly, what sunk his nomination was the crypto industry's concern that he was not sufficiently pro-crypto.

News reports emerged that crypto industry leaders raised concerns about Quintenz's testimony that he would support expanding the CFTC's budget [to account for new responsibilities in crypto regulation](#). As troubling as it would be for such a reasonable position to sink a nomination, Quintenz alleged that the real reason the crypto industry raised concerns was that he refused to say that he would "[make amends](#)" for the prior administration's litigation against the industry. Quintenz posted on X what he said were communications between him and the leaders of the crypto firm Gemini, which had settled with the CFTC for \$5 million, in which one of Gemini's owners said that "rectifying what happened to us" should be "the highest priority." According to Quintenz, his refusal to promise anything more than a "fair and reasonable review of the matter and the division and individuals involved" is what led to the demise of his nomination.

- **Questions:**

- **Have you engaged in communications with market participants about your nomination, and if so, in what manner (email, orally, text)?**
- **Have those communications included any promises to take any actions if you become chair of the CFTC?**
- **Have any executives or outside counsel/lobbyists at Gemini asked you for promises to revisit or re-examine Gemini's previous settlement or settlements with the CFTC?**
- **How can the American people have confidence that you are being nominated to act in their best interests and not in the interests of the industry you would have to regulate given what happened to Brian Quintenz?**



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