
“Almost Certainly MSU”

Eighth Annual Energy Trading Conference UH-GEMI March 23, 2012

Remarks by Commissioner Scott
O’Malia

Commodity Futures Trading
Commission



Outline

- **Overview and status of CFTC actions on Dodd-Frank**
- **Cost-benefit analysis**
- **The exchange trading requirement of Core Principle 9**
- **Transparency and susceptibility of published prices used for settling contracts: the IOSCO Consultation Report**



Progress on DFA Rulemakings

	Completed
Dealer Registration	<ul style="list-style-type: none"> ➤ Swap Dealers and Major Swap Participants
Reporting	<ul style="list-style-type: none"> ➤ Large Trader Reporting ➤ Real Time Reporting ➤ Swap Data Recordkeeping & Reporting ➤ Swap Data Repositories ➤ Reporting Pre-Enactment Swaps ➤ Investment Advisor Reporting
Clearing	<ul style="list-style-type: none"> ➤ Derivatives Clearing Organization ➤ Review of Swaps for Clearing ➤ Customer Clearing Documentation, Timing of Acceptance for Clearing, Clearing Member Risk Management
Trade Execution	<ul style="list-style-type: none"> ➤ Foreign Boards of Trade ➤ Position Limits ➤ Retail Foreign Exchange Transactions ➤ Retail Commodity Transactions
Business Conduct	<ul style="list-style-type: none"> ➤ Anti-Manipulation ➤ External Business Conduct ➤ Whistleblowers ➤ Internal Business Conduct ➤ Privacy of Consumer Financial Information ➤ Business Affiliate Marketing
Capital, Margin & Segregation	<ul style="list-style-type: none"> ➤ Investment of Customer Funds ➤ Segregation of Clearing Swaps
Other	<ul style="list-style-type: none"> ➤ Agricultural Commodity Definition ➤ Agricultural Swaps ➤ Commodity Pool Operators & Commodity Trading Advisors ➤ Process for Rule Certifications for Registered Entities ➤ Removal of References to or Reliance on Credit Ratings

ADMINISTRATION STATEMENT TO UP W/ CHRIS HAYES



“If this request for assistance came from an agency, we could offer assistance, but it does not.”

-ADMINISTRATION OFFICIAL
FRIDAY

13:47 / 16:21



options

pl



Cost-Benefit Solutions: A “How To”

- **Start early: perform research and analysis prior to proposals and engage affected stakeholders**
- **Present alternatives and provide rationales for choices**
- **Coordinate and harmonize**
- **Publicly disclose research**
- **Begin with the right baseline**



IOSCO Public Consultation on Price Reporting Agencies

In the G20 Cannes Summit Final Declaration in November 2011 IOSCO was asked to:

...Prepare recommendations, in collaboration with the IEF, the IEA and OPEC to improve the functioning and oversight of oil Price Reporting Agencies (PRAs) by mid-2012.

The Consultation Report builds on joint report between IOSCO and the IEA, IEF and OPEC, submitted to G20 in advance of the Cannes summit. It poses questions to industry on:

- the importance of PRAs in oil market functioning;
- the robustness of their methodologies;
- current standards of governance in PRAs compared to regulated financial entities;
- competition in the PRA sector;
- the role of PRAs in market development; and
- options for oversight which could be recommended to G20 for its consideration of how PRA functioning might be improved and how public accountability could be introduced

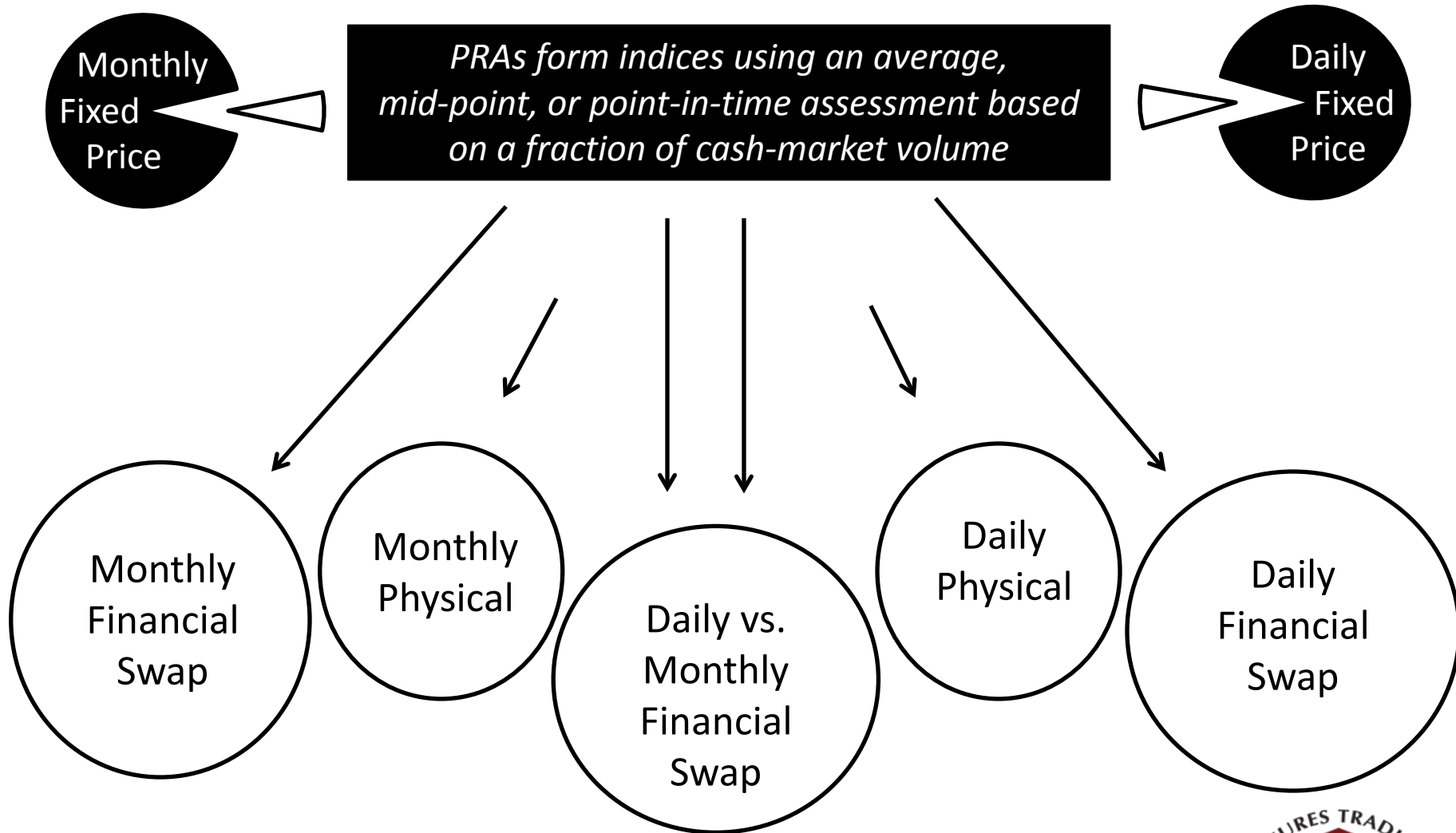


Pervasive PRAs- All Commodities

Commodity Category	# of Index Settled Futures and Options
Agriculture	26
Energy	829
Financials	30
Freight	14
Metals	14
Weather	453
Total	1366



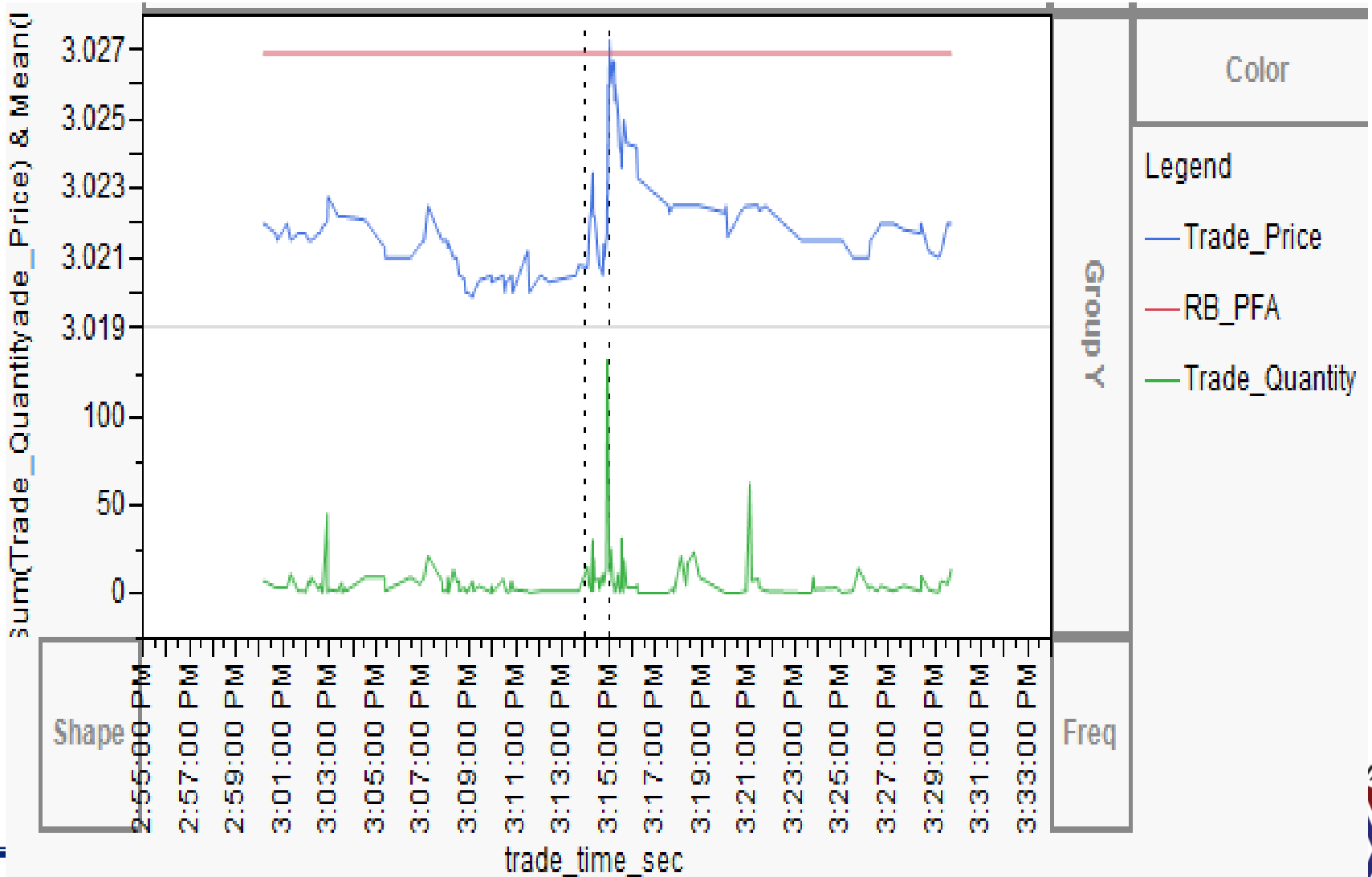
Role of Price Indices in Settlements



The settlement price of physical and financial products links directly to the daily and monthly PRA-published indices



Platts Futures Price Assessment



IOSCO Consultation

Comments due: March 30, 2012

<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD375.pdf>

