

CFTC Reauthorization

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Washington Update

*CFTC Reauthorization Who, What, When and How

*CFTC Commissioners
Nomination and Confirmation Status



WHEN and how often does the CFTC need to be reauthorized?

- Congress periodically authorizes funds to carry out the regulatory responsibilities of the CFTC.
- This authority is established for a fixed period of time and the current authorization expired on October 1, 2013.
- A lapse of funding authority has occurred many times and has not historically resulted in CFTC's resources being halted.
- Rather, the periodic nature of the authority is typically used to perform an oversight review of the CFTC and its authorizing statute – the Commodity Exchange Act.
- New Authority is normally granted for a period of 5 years.



WHAT is included in CFTC Reauthorization Legislation?

Authorization Lapsed "Dodd-Frank" Amends CEA Authorization Lapsed

2000 2005 2008 2010 2013 2014

Commodity Futures Modernization Act (included in the Omnibus Appropriations bill for FY 2001)

- Exempted certain OTC energy and metals transactions from specific CFTC authorities
- Provided framework for allowing the trading of futures on securities
- Excludes specified banking products/and swap agreements from CFTC authority
- Required principle-based regulatory structure

Commodity Futures (included in the 2008 "Farm Bill")

- Establish a regulatory structure for previously exempted transactions, namely OTC energy transaction, performing a price discovery function
- Clarified CFTC authority to regulate fraud in off-exchange, principle-to-principle futures transactions

The Customer Protection and End-User Relief Act * Customer Protection

- · Statutorily codifying some recent regulatory enhancements
- Clarify Congressional intent as to when FCMs are required to deposit their own residual interest to satisfy the margin deficits of their futures customers

Agency Operation

- Revises the organizational and operational requirements of the CFTC staff
- Requires more robust cost-benefit analysis for proposed rules
- Requires internal CFTC risk-controls for market data storage and sharing.
- · GAO study on CFTC resources/expenditure

End-User and Market Certainty

- End user margin exemption
- · Relief from certain recordkeeping requirements
- Non-bank capital formulas
- · Anticipatory hedging and position limits
- Qualifications for de minimis swap dealer registration exemption if engaging in swap transactions with a public utility



WHO Initiates Changes to the Commodity Exchange Act?

House Agriculture Committee

- Hearings
- Markup
- Report to House of Reps



Senate Committee on Agriculture, Nutrition & Forestry

- Hearings
- Markup
- Report to Senate





CFTC and/or Administration



HOW does it happen?

CFTC implements regulatory changes

President signs into law

House &
Senate vote to
approve
Conference
Committee
product

House amends and approves a version of legislation

> Senate amends and approves a version of legislation

Conference Committee reconciles any differences between 2 versions



CFTC Vacancies & Nominations

NOMINATED
Timothy Massad, Chairman
April 2017

NOMINATED
Sharon Bowen
April 2018

Commissioner O' Malia
April 2015

NOMINATED
Christopher Giancarlo
April 2014

Commissioner Wetjen (currently Acting Chairman)
June 2016



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