

Melamed & Associates, Inc.



Futures Market News & Regulation

INDUSTRY EVENTS

APRIL 12-13, 2010

FIA CLEARING 2010
A DERIVATIVES FORUM

New York Marriott Downtown
New York, NY

APRIL 16, 2010

LAUNCH of the CSI 300
INDEX FUTURES CFFEX

Shanghai China

APRIL 17, 2010

CHINA (BEIJING)
FUTURES and
DERIVATIVES FORUM

The Presidential Beijing
Beijing China

APRIL 28-30, 2010

CONFERENCE ON
REGULATION OF
FUTURES, DERIVATIVES
AND OTC PRODUCTS

Gaylord National Convention
Center

National Harbor, Maryland

APRIL 29-MAY 1, 2010

OPTIONS INDUSTRY
CONFERENCE

The JW Marriott, Desert Ridge
Resort & Spa
Phoenix, Arizona

JUNE 8-9, 2010

FIA/FOA
INTERNATIONAL
DERIVATIVES EXPO

The Brewery
Chiswell Street, London

- **Financial Regulatory Reform Update:** Congress remains recessed until Tuesday, April 13. It is expected that Senate Agriculture Chairman Blanche Lincoln will release the discussion draft legislation on OTC derivatives during the week they return. A markup is expected soon after the bill's release. The process by which the Senate Agriculture Committee's product will be incorporated into the bill on the Senate floor remains fluid. Senate Banking members, including Chairman Dodd (D-CT), Ranking Member Shelby (R-AL), Senator Gregg (R-NH) and Senator Reed (D-RI), continue to work on their own versions of OTC derivatives draft legislation, which will likely play a role in the final product.
- **CFTC approves rules to enhance the Bankruptcy Code:** On March 31, the CFTC approved final rules intended to enhance certainty regarding protections under the Bankruptcy Code and CFTC regulation by creating a separate account class for customer positions in cleared OTC derivatives. The rules, effective on May 6, create a sixth and separate account class, applicable in the event of FCM bankruptcy, for cleared OTC derivatives. Additionally, the rules codify the appropriate allocation between account classes of positions (and collateral), in the event of commodity broker bankruptcy, where cleared OTC derivatives are subject to a CFTC order under Section 4d of the [Commodity Exchange Act](#).
- **U.S. expert calls China's index futures launch historic:** The upcoming launch of China's index futures is a historic move that represents a giant step by China towards a market-driven economy, said the founder of financial futures. "I think the Chinese officials have done extremely well in preparing for the market," Leo Melamed, the globally recognized founder of financial futures, told [Xinhua](#) in an exclusive interview.
- **NYSE Liffe launches interest rate futures contracts:** LIFFE said it would launch a suite of short and long-term US interest rate futures contracts in the third quarter. This would include Eurodollar futures, which are derivatives on the short-term interest rate paid on US dollar deposits at European banks. [Financial Times](#)

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- **High-Speed Traders Face Order Reporting Requirement From SEC:** The Securities and Exchange Commission may give some firms that engage in high-frequency stock trading identification codes to better track transactions accounting for more than 60 percent of U.S. volume. SEC commissioners will vote April 14 on a proposal to require companies that exceed a volume threshold to report their executions to regulators, the agency said in a [statement](#) yesterday. Brokerages would have to maintain records on the orders, the SEC said. The agency is evaluating whether strategies used at high-frequency trading firms and hedge funds are degrading the quality of markets by causing volatility or making it more difficult or expensive for investors to complete transactions. Any new rules could impose additional reporting requirements on large brokers, proprietary trading firms such as Getco LLC and RGM Advisors LLC, and hedge funds. [Bloomberg](#)
- **Bloomberg launches first interface for US CDS:** Bloomberg has launched the first interface in the US credit derivatives (CDS) market that connects both buy- and sell-side firms to the two central clearing counter-parties (CCPs). [The Bloomberg VCON](#) solution, a widely accepted confirmation utility for cash and derivative instruments, now allows dealers and their clients to send executed trades to the two US-based providers of central clearing for OTC credit derivatives -- the Chicago Mercantile Exchange (CME) and Intercontinental Exchange's ICE Trust
- **CFTC approves rules to protect bank client assets:** The U.S. commodities regulator, CFTC, approved rules to protect bank client assets that support cleared over-the-counter derivatives trades, giving a boost to CME Group Inc. the world's largest futures market. The rules passed by the Commission mean banks will have to segregate the cash and other collateral investors pledge as margin to back credit-default or interest-rate swaps that are processed by a clearinghouse. That system has been in place for futures trades and assured that investors who used Lehman Brothers Holdings Inc. as their futures broker recovered their money after the firm went bankrupt in 2008. [Bloomberg](#).
- **The CFTC holds hearings on metals speculation:** The CFTC heard objections from exchanges and traders who said limiting metals speculation could irreparably harm markets, while some questioned whether the agency has the authority to impose such restrictions. The day-long hearing came as Washington moves to crack down on Wall Street excesses blamed for the 2008 run-up in commodity prices and the recent financial crisis. The Commodity Futures Trading Commission has been criticized for not doing enough to prevent excessive speculation. Soaring energy bills prompted political pressure for tougher energy speculative limits. But calls for curbs on gold and silver speculation have been limited, making it less certain the commission will propose a cap on holdings. After the hearing, CFTC Chairman Gary Gensler declined to indicate whether the agency would work on a formal rule. [Reuters News](#)

M&A Upcoming Events

Leo Melamed, Chairman Emeritus of the CME Group, has been invited to speak at the celebration of the CFFEX index opening on April 16th in Shanghai. Mr. Melamed will also keynote the FIA Conference on April 17th in Beijing, and will speak at Peking University on April 18th, celebrating the Chinese publication of his "For Crying Out Loud," memoir

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