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## Remarks

**OPENING REMARKS OF REUBEN JEFFERY III  
CHAIRMAN, COMMODITY FUTURES TRADING COMMISSION  
HEARING ON FOREIGN BOARDS OF TRADE  
WASHINGTON D.C.  
JUNE 27, 2006**

Good morning. I'd like to welcome all of you today to this Commission hearing concerning foreign boards of trade in an era of technology and globalization. On the one hand, former Federal Reserve Chairman Alan Greenspan has recently noted that today, the only space left is Cyberspace; on the other hand, regulators, including the CFTC, are governed by laws enacted by a single country, and we also have a duty to execute those laws and to carry out the mission which Congress entrusted to us.

In an era where almost all financial market participants are seeking to engage in fully electronic trading, we need to consider what factors render an exchange foreign or domestic? The Commodity Exchange Act was written and designed for a set of market circumstances that have evolved significantly since it was enacted. The challenge for us today is to understand how to apply these statutory labels, like "located" when exchanges are no longer bricks and mortar and where the internet has made "location" an awkward and outdated statutory concept.

Our authority begins with Congress; outside the authority of law, we will not stray. Congress conferred upon the Commission a statutory duty to protect the integrity of the U.S. futures markets. This duty benefits direct participants in these markets, as well as the U.S. economy, which relies upon the futures markets' hedging and price discovery functions.

The Commission, however, supports both technological advances and globalization, and views these developments as good for U.S. customers, and consistent with its statutory mission. Globalization enables U.S. market participants to access otherwise inaccessible products, encourages competition between markets, and promotes innovation in products and services. And, competition is one of the things that has helped make America and the financial services sector particularly strong.

It follows, therefore, that the Commission hopes to help foster a competitive level playing field, all the while avoiding interference with legitimate market forces and competition. The

CFMA, at root, is grounded in the view that markets, more or less, work. Putting our thumb on the scale of competition would ultimately work to the detriment of not only U.S. market users but also of the U.S. exchanges themselves.

I am hopeful that these hearings will help the Commission to move forward on these issues. With that, we look forward to hearing from all of our distinguished panelists, and I turn it over to Commissioner Lukken for his opening remarks.