

**Commodity Futures Trading Commission
Roundtable on Derivatives Clearing Organizations
August 1, 2002**

Agenda

SESSION I CFTC OVERSIGHT OF DCOs (1:00 – 2:50pm)

1. Introduction – The Congressional Mandate
2. Initiating the dialogue on the CFTC’s DCO Oversight Program – What should we do, how should we do it and how often should we do it?
3. The Core Principles create new areas of regulatory interest in the clearing process that the CFTC and industry must address, including:
 - a. System security: How can the CFTC promote coordinated discussion between and among markets, clearing houses, market participants and banks to develop industry standards of best practice in the areas of system security, continuity of operations and disaster recovery, particularly following September 11?
 - b. How can the CFTC evaluate the appropriateness of a clearing house’s internal governance, risk management procedures, and the adequacy of its financial resources without imposing overly prescriptive requirements?
 - c. How do we apply the Core Principles to the new clearing structures permitted in the CFMA?

DCOs can now clear exchange transactions, OTC transactions and both exchange and OTC transactions in the same account at the DCO. What new risks, if any, are raised by these developments and how can we best address them?

Delinking clearing from execution could promote competition between clearing houses. Is this happening and does this minimize or increase risk in the system?

SESSION II MARKET STRUCTURE AND COMPETITION (3:10 – 5:00pm)

Moderator: Susan M. Phillips, Dean and Professor of Finance, School of Business and Public Management, George Washington University

1. The impact of demutualization on market structure, competition and risk management.
2. The case for and against fungibility on the futures markets.
3. Alternative models for clearing: Are there models available that increase or minimize risk and how would they impact competition?