



Commodity Futures Trading Commission

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Statement

Statement of Commissioner Bart Chilton

November 11, 2008

I am pleased to see the CFTC's Acting Chairman's comments, as he announces the end of his term of office, that he believes we should aggressively advance efforts to clear credit default swaps. This is indeed a laudable goal. It is but one part, however, of a comprehensive review of regulatory oversight of the OTC derivatives market, sorely needed in the United States. We need the ability to see into these "dark markets," as well as the ability to act should we detect problems. That is why I believe Congress should move when it convenes next week to enact H.R. 6604, or a version thereof, that would, among other things, provide the CFTC with precisely such authority.

I am also gratified to note the Acting Chairman's emphasis on review of the system of federal financial regulatory oversight in the U.S. Smart people disagree on if and how this should be done, but it is clear that now is the time for thoughtful review of our regulatory bodies and systems.

In the interim, there are some things we can do now. The CFTC and the SEC can use their existing authorities to cooperate and coordinate more effectively on the regulatory oversight of cross-jurisdictional products. The agencies can work together to enhance market integrity and customer protections. We can promote the clearing of OTC derivatives under our respective oversight authorities, bringing needed transparency to these markets. The CFTC should move aggressively to utilize all available administrative authorities regarding OTC transactions, including re-analysis of non-commercial hedge exemptions and classifications of traders. We can work with sister agencies in the energy arena to coordinate efforts in anticipation of cap-and-trade legislation, to ensure that the cash and derivatives markets in these areas function effectively and fairly, and promote needed growth in these important markets for consumers, for businesses, and for our country.

In short, we can—and should—act now. Regulatory reform on a grand scale may come sometime in the future, but in the here-and-now we have the responsibility, as well as the authorities to address serious market issues with real-time, real-world solutions.