



Commodity Futures Trading Commission

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Statement

Statement of CFTC Acting Chairman Michael Dunn

Joint Press Conference on OTC Derivatives Regulation Department of Treasury

May 13, 2009

Thank you, Mr. Secretary.

I am very pleased to be here today to jointly announce a comprehensive plan for regulating over-the-counter derivative markets and their participants.

When I became Acting Chairman I set my focus on five critical agenda items: 1) consumer protection; 2) oversight of risk; 3) collaboration with other regulatory agencies; 4) review of hedge exemption policies; and 5) adequate CFTC funding. Today's announcement coupled with prior announcements from Capitol Hill regarding substantial increases to the CFTC's budget will buttress the agency's ability to fulfill its mission.

Over the past year and a half, the American public has been looking to policy makers for direction on the steps that should be taken to prevent the types of economic disruption we have all recently experienced that have devastated so many Americans.

Today's announcement clearly articulates a comprehensive plan that will establish a regulatory framework for currently unregulated markets.

What this means for our economy and particularly the markets we regulate:

1. During the current financial crisis, clearing has been a critical and well-tested tool for reducing risk in our markets. Expanding a centralized OTC clearing system would reduce systemic risk and dramatically increase transparency in these previously unregulated markets.
2. Provides clear authority to regulate these markets and ensure they are free from fraud, manipulation and excessive speculation.

3. The price discovery function of our Country's futures markets is impacted by OTC derivatives. By regulating these contracts and having the ability to set position limits, we will have the ability and necessary information to ensure market integrity.

Looking forward, we are hopeful that today's announcement will add to the significant substantive discussions already under way with Congressional leaders and the Presidents Working Group to strengthen the regulatory framework for this nation's financial system. We support legislative initiatives that amend the CEA to allow us to fulfill our two core missions: to protect market users and the public from fraud, manipulation, and abusive practices related to the sale of commodity and financial futures and options, and to foster open, competitive, and financially sound futures and option markets.