



Commodity Futures Trading Commission
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Remarks

**Opening Statement of Fred Hatfield
Commissioner
Commodity Futures Trading Commission**

CFTC hearing into Foreign Boards of Trade ("FBOT")

June 27, 2006

Good morning. I would like to thank Chairman Jeffery for taking-up this serious matter and acknowledge the hard work of the Commission staff in this regard. I would also like to thank our witnesses for appearing today. Many of you have come from long distances and we sincerely appreciate your efforts.

This meeting of the Commission is especially timely for me; having just recently returned from a meeting of the Futures and Options Association in London where I was able to view how several of these exchanges operate.

The rapid pace of technological advancement and the continued globalization of financial markets makes it incumbent upon us as regulators to look carefully at issues such as the one we are addressing today.

Electronic trading has blurred the once obvious question of "location." I believe that because of this shift to electronic trading, it has become more difficult for regulators to use "location" as a means for determining whether or not an exchange must register with the Commission.

Also, the evolving marketplace landscape, recently punctuated by the announced merger plans of the New York Stock Exchange and Euronext have forced the question of cross-jurisdictional regulation.

These developments raise legitimate questions and it is therefore appropriate that the Commission review this matter.

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How do we proceed, though? Hopefully you will help us answer that but I suggest that we proceed with caution. We must be mindful of the global consequences of our actions just as we are mindful of market integrity and customer protection.

One recent *Financial Times* article referred to the Commodity Futures Trading Commission as having a “history of being a relatively level-headed organization.”¹ I like that characterization; I sincerely hope we are able to maintain that standard through this turbulent period.

I look forward to the comments of the panelists assembled today and I again thank our Chairman for his leadership on this important matter.

¹ “ICE-NYMEX Saga Exposes New Problems for Regulation.” Gillian Tett. *Financial Times*. June 16, 2006.