

**STAFF ROUNDTABLE ON ELEMENTS OF  
REGULATION AUTOMATED TRADING  
JUNE 10, 2016**

---

**9:00—Welcome by Staff**

**9:05—Statements by Commissioners**

**AGENDA**

Roundtable discussions will be limited to following agenda items:

- I. 9:20—Amendments to the Definition of DEA, Consistent with the Proposed Rules’ Registration Requirements:**
- A. Should the Commission use the definition of DEA in existing § 38.607?
    - i. Current practices under § 38.607.
  - B. Should the proposed definition hinge on *executing* FCM or *clearing* FCM?
  - C. Discussion of terms used by commenters to describe how market participants connect to DCMs, including: (1) Application Programming Interfaces (APIs); (2) Graphical User Interfaces (GUIs); and (3) automated order routing systems (AORS). Discuss each of these terms to better understand how they work, who uses them, and their implications for an FCM’s ability to risk filter orders prior to such orders reaching a DCM.

**10:20—Ten minute break**

- II. 10:30—Covered Parties I—Quantitative Measures to Establish the Population of AT Persons:**
- A. Overview of currently proposed measures:
    - i. ESMA: Message frequency/level, order resting times.
    - ii. Benefits to “harmonization” with other regulatory bodies?
  - B. Other potential quantitative measures:
    - i. Trade frequencies/volumes.
    - ii. Order to Trade Ratios.
  - C. Challenges to Implementation.
    - i. How easily can an entity subject to the rules calculate a metric?
    - ii. In what ways do different metrics capture different types of entities?

**11:45—One hour lunch break**

**III. 12:45—Covered Parties II—Alternative to Imposing Direct CFTC Pre-Trade Risk Control and Development, Testing, and Monitoring Standards on AT Persons:**

Discussion of an alternative to the proposed requirements for AT Persons in §§ 1.80, 1.81, and 1.83(a), which alternative could require that FCMs: (1) implement their own risk controls for all proprietary and customer orders; (2) require that certain customers (determined by CFTC using revised DEA or quantitative criteria) apply pre-trade risk controls and testing/monitoring for their own systems; and (3) perform due diligence regarding such customers' compliance.

**2:00—Ten minute break**

**IV. 2:10—AT Persons' Compliance with Elements of the Proposed Rules when Using Third-Party Algorithms or Systems:**

Consideration of alternatives to facilitate AT Persons' compliance with proposed requirements for Algorithmic Trading and Algorithmic Trading systems when using third-party algorithms or systems (e.g., development and testing, regulatory compliance, and documentation). Discussion of staff options and options presented by roundtable participants.

**3:00—Five minute break**

**V. 3:05—Source Code Access and Retention:**

- A. Definition of "source code."
- B. Commission objectives and Industry concerns.
- C. Understanding industry best practices in maintaining source code and tracking changes made to source code.

**VI. 3:55—Conclusion:**

Final staff comments.