



**Commodity Futures Trading Commission
International Symposium and Training on
Derivatives Products, Markets and Financial Intermediaries
October 19th
October 20 –24, 2003
October 27th
Federal Reserve Bank of Chicago
230 South La Salle Street, Chicago, Illinois 60604**

SUNDAY – OCTOBER 19, 2003

2:00 – 7:00

OPTIONAL PRE-PROGRAM ORIENTATION

Chicago River and Lake Michigan Architectural Boat Tour
and Chicago Style Supper Party - Assemble in the Hotel Lobby

MONDAY - OCTOBER 20, 2003

**CFTC/CHICAGO FED JOINT PLENARY SESSIONS ON:
NEW TECHNIQUES FOR HANDLING REGULATORY RISKS:
Cash Markets; Over-the-Counter; Linked Systems; and Offshore Participants**

8:45 – 9:00

Registration

9:00 – 9:15

INTRODUCTIONS AND WELCOMING REMARKS:

Andrea Corcoran, Director, Office of International Affairs, CFTC
Richard Lamm, Director, Financial Markets & Payments System Risk, Federal Reserve Bank of Chicago

9:15 - 9:45

The CFTC's Symposium in Today's World

Richard Fung, Branch Chief, Division of Market Oversight-Chicago, CFTC

9:45 – 11:15

PLENARY SESSION I – CLEARING AND RISK MANAGEMENT: AN OXFORD STYLE DEBATE

Bring your own views to the table on whether exchange governed clearing is a plus or a minus for the financial services industry while our experts debate the merits of clearing and risk management.

PROPOSED: That Clearing Houses Should Be Owned And Controlled By Their Clearing Participants Based On The Capital Commitment By Such Clearing Participants To The Enterprise.

Moderator: John McPartland, International Clearing and Settlement Consultant

Debaters:

For: Jerrold Salzman, Attorney at Law, Freeman & Salzman

Against: John Davidson, Managing Director, Morgan Stanley & Company, Inc.

Commentator: Cícero Augusto Vieira Neto, Head, Risk Management Department, BM&F, Brazil

11:15–11:30

Coffee Break

11:30 - 1:00

**PLENARY SESSION II –
CLEARING, DEFAULT MANAGEMENT AND OVER-THE-COUNTER CREDIT RISK**

A panel discussion on risk management for other than exchange traded products. Practical approaches to clearing among various interests focusing on what works and what has not worked and why, differences between clearing exchange and OTC traded products, valuation issues, liquidity risk and default management will be particularly explored and whether changes in clearing arrangements have special implications for regulators.

Moderator: Andrew Lamb, Managing Director & Deputy Chief Executive, Risk, London Clearing House

Panelists: Erik Riknell, Vice president, Group Risk Management, OMHEX AB, Sweden
Neal L. Wolkoff, New York Mercantile Exchange

- 1:00 - 2:30 **Opening Luncheon With Keynote Speaker:** SEC Policy on Foreign Exchange Access
 Roberta S. Karmel, Professor of Law, Brooklyn Law School
- 2:30 - 4:00 **PLENARY SESSION III – RECOGNIZING OTHER MARKETS:
 REGULATORY CONCERNS AND RESPOSIBILITIES – A CASE STUDY**
 Using a case study from the developments in regulatory approaches in Canada, discussion will focus on accessing markets in different jurisdictions.
- Presenter: Rande Pavalow, Director of Capital Markets, Ontario Securities Commission
 Commentator: Nicoletta Giusto, International Relations, Commissione Nazionale per le Societa e la Borsa, Italy
- 4:00 – 4:15 Coffee Break
- 4:15 – 5:00 **PLENARY SESSION IV - MANAGING REGULATORY RESOURCES IN A COMPLEX WORLD**
 A discussion on the effective use of regulatory resources and cooperation between statutory regulators, self-regulatory organizations and the markets to allow for greater efficiencies, wider regulatory coverage and a reduction in duplicative or misdirected efforts. Delegation of functions, cross-training & resource sharing, information sharing and investigative cooperation to ensure that markets and their regulators are effectively meeting their regulatory objectives.
- Presenter: Karen Wuertz, Vice President, Strategic Planning & Development, National Futures Association
- 5:00 - 6:30 Cocktail Reception - Federal Reserve Mezzanine,

TUESDAY - OCTOBER 21, 2003

PRACTICAL EXERCISES IN REGULATION

- 9:00 – 10:30 **Designing Futures Contracts to Avoid Manipulation**
 What are the essential pre-requisites for success and why contracts fail. A discussion specifically emphasizing how derivative contracts, and related surveillance systems, used by hedgers and speculators should be designed to render them not susceptible to manipulation.
- Instructor: Michael Gorham, Director, Division of Market Oversight, CFTC
- 10:30 – 10:45 Coffee Break
- 10:45 – 12:30 **Surveillance Detecting and Deterring Market Abuses -Scenarios**
 The session illustrates general market abuses and methods for their deterrence. Market abuses are classified as either noncompetitive trading or market manipulation. Through the use of examples, the session describes some of the more common types of noncompetitive trades and market manipulation and outlines analysis for detection through the use of investigative techniques.
- Instructor: Chul Park, Industry Economist, CFTC
- 12:30 – 2:00 Lunch – independent of the seminar
- 2:00 – 5:00 **Trade Practice Surveillance Models for Electronic Markets –
 How The SROs Can Assist Regulators**
 This session is intended to explore issues where inter-jurisdictional activity may compound the difficulty of surveillance; how electronic technology can augment exchange resources; and how exchanges are designing electronic systems to help compliance efforts.
- Moderator: Astridel Radulescu, Head, Market Surveillance, Italian Exchange
 Panelists: Markus Gruene, Head, Trading Surveillance Office, Frankfurt Stock Exchange
 Markus Loew, Deputy Head of Trading Surveillance Office Eurex Deutschland
 Yvonne Downs, Sr. Vice President of Compliance, National Futures Association
 Eric Wolff, Sr. Vice President Regulatory Affairs, Chicago Mercantile Exchange

[During this session there will be a break between 3:15 – 3:30 for tea.]

8:00 – 10:00 **Visit to an Exchange**

The group will be divided into two sections;
Sections will visit either the Chicago Mercantile Exchange or the Chicago Board of Trade.

10:00 - 12:30 **Industry Panel: Current Regulatory Needs and Grievances, an Open Discussion**

The session will focus on some of the issues and problems that arise from current trends and developments including unregulated OTC business; rogue executives; global businesses and inconsistent world-wide regulations; electronic trading; business continuity; and know your customer/AML.

Moderator: Gary DeWaal, Director, Global Legal and Compliance Fimat Group
Panelists: Bruce Beatus, Senior Vice President and General Counsel, Carr Futures
Ronald H. Filler, Senior Vice President, Lehman Brothers, Inc.
Arthur Hahn, Partner, Katten Muchin Zavis Rosenman
Bonnie Litt, Managing Director, Associate General Counsel, Goldman Sachs & Co.
David Sturm, Vice President and Manager of Legal & Compliance, J.P. Morgan Futures Inc.

12:30 – 2:00 Luncheon

2:00 – 2:30 **Anti-Money Laundering Activities**

Practical lessons from the Swiss experience with anti-money laundering activities; including policies as well as the politics of anti-money laundering

Presenter: Dr. Riccardo Sansonetti, Deputy Head of Section, Swiss Federal Finance Administration

2:30 – 5:00 **Dealing With Multiple Regulatory Systems: Market Confidence From The Firm Perspective – What Regulators Need To Know – A Practice Session**

Hypotheticals relating to defaults, error trades and real-life market events where multiple regulators and multiple market authorities and intermediaries may need to work together to find practical solutions. Interactive session on regulators, self-regulators, and practitioner roles and methodologies during and after a crisis, a loss of confidence, or a specific compliance event, and the tools available to the regulator, the exchanges, and firms to address such occurrences.

The group will be divided into reporting groups. Participant working groups will appoint a spokesperson that will report on each group's analysis of the case from the perspective assigned.

Moderator: Andrea Corcoran, Director Office of International Affairs, CFTC
Ronald H. Filler, Senior Vice President, Lehman Brothers, Inc.

[During this session there will be a break between 3:45 – 4:00 for tea.]

9:00 – 10:30 **How To Design A Risk-Based Audit**

A discussion of the elements and components of a risk-based supervision and examination program, including: how to identify and prioritize areas of risk for oversight to ensure that intermediaries effectively identify, control, monitor and manage risks to the financial integrity of transactions on futures and options markets; and how to identify, control, monitor and manage risks to customer protection objectives, such as abusive sales practices, misuse of customer funds and property, and inadequate funds in segregation to cover financial obligations to customers.

Moderator: Melissa Hendrickson, Supervisory Auditor, CFTC
Panelists: Representatives from the Joint Audit Committee:
Anne Glass, Director, Audit Department, CME
Regina Thoele, Managing Director, NFA

10:30–10:45 Coffee Break

10:45-12:30 **Restoring Market Confidence - Professional Ethics for Regulators: Cross-Border Case Studies**
Interactive session on approaching ethical dilemmas which arise from widespread regulatory problems and other matters that should concern regulators.

Instructor: John Sanaghan, Director, Professional Conduct Training, Institute for Financial Markets

12:30 – 2:00 Lunch – independent of the seminar

2:00 - 5:00 **Cross-Border Enforcement Investigations Addressing Fraud and Manipulation- Tools and Techniques**
This session will describe the investigative techniques and tools used by the CFTC in real-time enforcement and available to foreign authorities engaged in cooperative enforcement efforts. Examples of U.S. enforcement actions with international implications will be used. The session will include interactive discussion of the CFTC's emphasis on futures and options fraud under the CFMA and of the challenges involved in investigating a hypothetical cross-border fraud case. Participation and sharing of off-shore examples will be encouraged.

Instructors: Rosemary Hollinger, Regional Counsel, Division of Enforcement, CFTC
Thomas Koprowski, Senior Futures Trading Investigator, Division of Enforcement, CFTC
Jackie Hamra Mesa, Assistant Chief Counsel, International, Division of Enforcement, CFTC
Beth Streit, Supervisory Trial Attorney, Division of Enforcement, CFTC

[During this session there will be a break between 4:00 – 4:15 for tea.]

FRIDAY - OCTOBER 24, 2003 PRACTICAL APPROACHES TO REGULATION

10:00 – 11:30 **REGULATION AND SUPERVISION IN A WORLD WITHOUT BOUNDARIES:
A CASE STUDY OF EURONEXT**

This interactive session will inform the audience about the structure and daily functioning of the regulatory approach of 5 different regulators towards Euronext. Euronext is a pan European exchange created by a merger between the French, Dutch, Belgium, Portuguese securities and derivative exchanges and the UK derivative exchange LIFFE.

Presenters: Rene Geskes, Deputy Head, Department of Markets and Exchanges Division,
Netherlands Authority for the Financial Markets
Benedicte Doumayrou, Head, Market Development and Research Division,
Commission des Operations de Bourse

11:30 – 11:45 Coffee Break

11:45 – 12:30 **EURONEXT RESPONDS:
PRACTICAL EXPERIENCE IN OPERATING A MULTI-JURISDICTIONAL MARKET**

Respondents: Nick Weinreb, Deputy Markets Secretary
Euronext Liffe

12:30 - 2:30 **Closing Luncheon; Presentation of Certificates to Participants**

2:30 - 3:30 **Tour of the Federal Reserve Bank**

3:30 **Adjournment**

MONDAY - OCTOBER 27, 2003 OPTIONAL WORKSHOPS

Practical sessions with the regulators and self-regulators: onsite workshops at the CFTC and the NFA on the problems and issues of interest to each symposium participant, such as, enforcement, market oversight, financial and conduct of business oversight, audit, and clearing issues.