

[Securities Regulation Daily Wrap Up, CFTC NEWS AND SPEECHES—Chairman Giancarlo expounds on grit and sharp moves in remarks to Women in Derivatives, \(Jun. 13, 2018\)](#)

Securities Regulation Daily Wrap Up

[Click to open document in a browser](#)

By [Brad Rosen, J.D.](#)

Margaret Thatcher once observed, "If you want something said, ask a man; if you want something done, ask a woman." So noted CFTC Chairman J. Christopher Giancarlo in his opening remarks before the Women in Derivatives Forum in Washington D.C. Giancarlo [also lauded](#) the virtues of professional networking, grit, as well as the recently created "Market Intelligence Branch" (MIB), a unit residing within the Division of Market Oversight.

Networking, grit and empowerment. In his comments, Giancarlo recognized the preeminence of professional networking in achieving success through sharing ideas and experience. He observed, "Women in Derivatives shows how this can happen in a complex, demanding, and difficult field."

The chairman also noted the importance of "grit" as another predictor of success and pointed to the "Grit Scale"—a scale that measures passion, endurance, and perseverance. Speaking to the gathering, Giancarlo observed, "there is a lot of grit in this room: accomplishment over adversity, commitment instead of defeat, courage over concession."

The chairman also took on the controversial issue of female economic empowerment as he summarized the central argument in *The Confidence Code*, a book by BBC's Katty Kay, noting, "Women in the workplace need a "blueprint for confidence," to get moving "in the right direction." ...[W]omen should talk more, demand to be heard, take an equal role in business meetings." Giancarlo noted that Women in Derivatives represents these strong, powerful, informed, and persuasive voices, and serves as a model for networking and advancement.

Looking at sharp price moves. The chairman transitioned his comments to more general industry matters by noting that global derivative markets know no gender. Giancarlo turned his attention to the work done by recently created MIB that looked at large intra-day price movements in U.S. commodity futures markets, what that research calls "sharp price moves."

Specifically, MIB staff engaged in a data-intensive research effort where 2.2 billion transactions from 2012 through 2017 were analyzed. The data included 16 different futures contracts from all four major commodity market sectors: agricultural, energy, financial, and metals products. The major findings from MIB's research include:

- there is no clear indication of a wide-spread increase in the frequency or intensity of sharp price movements in recent years;
- Sharp price movements occur more often during periods of elevated volatility;
- News and recurring market data releases are a factor in many contracts studied; and,
- Some contracts see large movements in overnight trading but not a disproportionate amount when compared to volume traded during day/night.

Significance of analysis and next steps. According to Chairman Giancarlo, MIB's research dispels the narrative that recent changes in market structure, particularly the growing presence of principal trading firms and high frequency trading, has in some way made markets less stable. Rather, he observed short-term price swings can better be explained by longer-term, heightened market volatility and by the direct revelation of information and news events.

Giancarlo also stated, "The analysis tells us that today's US commodity futures markets continue generally to function well, are able to digest information quickly and readily accommodate heightened volatility. In short, U.S. futures markets remain the premier price discovery mechanism for the world."

Giancarlo concluded that MIB's research efforts, like many such undertakings, lead to more questions. He stated further studies will be conducted, noting that important concerns remain about satisfactory liquidity conditions and adequacy of market making outside of actively traded market and asset classes.

RegulatoryActivity: CFTCNews CommodityFutures