

Chairwoman Stabenow: Oversight of Futures Markets Must Evolve with Technology to Ensure Market Integrity 0

Stabenow Examines Impact of High Frequency Trading, Says Regulators Need Resources, Tools to Ensure Markets are Working

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Senator Debbie Stabenow (D-MI), Chairwoman of the U.S. Senate Committee on Agriculture, Nutrition and Forestry, today said the latest technologies like high frequency and other forms of automated trading have created new sets of challenges, and oversight of the derivatives markets must evolve with technology to ensure markets are working right. Stabenow said it's critical that regulators like the Commodity Futures Trading Commission have the appropriate authority and tools to sufficiently protect the markets.

"These markets have changed dramatically over the years," Chairwoman Stabenow said. "For a 21st Century market, we need a 21st Century regulator. That means the CFTC needs the right authority and the right tools to ensure that markets are working. That means they need enough people, and it means they need up-to-date technology."

High frequency trading, a form of automated trading, can use computer algorithms and advanced technological tools to conduct trades rapidly, in fractions of a second. The technology presents new challenges and questions of how best to regulate the markets to ensure fairness and integrity.

Stabenow's comments came during a hearing that's part of a larger effort to reauthorize the CFTC. Stabenow said it's critical to raise questions about the impact automated trading is having on futures markets as part of the larger CFTC reauthorization process, to evaluate what changes might be necessary to protect the markets.

"Has automated trading improved price discovery in futures markets? Does automated trading make it easier to manage risk for our farmers, ranchers and end users; or does it create risk? And are the regulators, exchanges, and other market participants sufficiently managing these new challenges? As we move forward, we will continue to listen to the concerns of all market participants, including farmers and ranchers; pension funds and mutual funds; and proprietary firms and consumer groups, to best ensure stability in today's futures markets."

Witnesses who testified at today's hearing include **Mr. Vince McGonagle**, Director of the Division of Market Oversight, Commodity Futures Trading Commission (CFTC), Washington, DC; **Mr. Terrence Duffy**, Executive Chairman and President, CME Group, Chicago, IL; and, **Dr. Andrei Kirilenko**, Professor of the Practice of Finance, MIT Sloan School of Management, Cambridge, MA.

An archived webcast of the hearing can be viewed on the Committee's website at <http://ag.senate.gov> (<http://ag.senate.gov>). Below are Chairwoman Stabenow's opening remarks as prepared for delivery.