



U.S. COMMODITY FUTURES TRADING COMMISSION
ENSURING THE INTEGRITY OF THE FUTURES & OPTIONS MARKETS

SPEECHES & TESTIMONY

Concurring Statement of Commissioner Bart Chilton in the Matter of Panther Energy Trading LLC and Michael J. Coscia

July 22, 2013

While I concur with the settlement in this matter, and agree wholeheartedly with the civil monetary penalty, disgorgement, findings of violations, undertakings, and cease and desist order imposed by the settlement, I am dissatisfied with the imposition of a one-year trading ban as to the respondents. I believe that the type of disruptive trading practice described in the Commission's complaint is an egregious violation of the Commodity Exchange Act, and warrants the imposition of a much more significant trading ban to protect markets and consumers, and to act as a sufficient deterrent to other would-be wrongdoers.

Additionally, these types of violations of the law are becoming more common with the advent of high frequency traders (HFTs)—traders I've termed "cheetahs" due to their incredible speed. The cheetahs are to be commended for their innovative strategies, at the same time, when they violate the law, regulators need to be firm and resolute in our desire to deter such activities. Regulators already have a tough time keeping up with the cheetahs. Without sufficient deterrents, such as meaningful trading bans, many trading cats will simply find other ways to get back to their market hunting grounds. In years past, for example, a trader who was banned for a year from trading might as well consider it a lifetime ban. People on the trading floor would know, customers would know. People wouldn't want to do business with the trader. In today's cheetah trading world where identities can be cloaked behind technology, a year trading ban might simply be a nice sabbatical for a cheetah trader to work on some new algo programs to unleash after the trading ban has expired.

At the end of the day, regulators will have to work overtime to be able to keep up with the cheetahs and their superfast trading. But like the cheetahs are a breed all their own, so are regulators. And, we are a persistent bunch. That's our advantage. We may have to work out the curve to get all the technology tools we need. But we will be tenacious and tireless in our efforts to tract down market predators that break the rules. And, we need those that violate, or may be thinking of violating the law to understand that regulators will always be harsh hard-hitters when the rules are broken.

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