

## SEFCON II: Harmonization remains the “thorn in the paw”

- On Oct 3/11 SEFCON II was held at the Grand Hyatt in New York, highlights from the event include:
  - » The inability of the SEC and the CFTC to harmonize rules & protocols remains a major stumbling block for sell-side participants. Lack of harmonization at the regulator level leads to non-confidence among participants
  - » Regulators defining rules continue to move forward. 15 of 52 rules have been defined to date.
  - » Chairman Gensler states that “SEF’s are critical to bring transparency to the opaque swaps market”
  - » There remains much concern regarding the 15 second delay reporting rule. Fears that it will be a liquidity killer
  - » Designated Contract Markets (DCM) will have difficulty running a Limit Order Book as liquidity pools are not deep enough
  - » SWAPS that are subject to the clearing mandate and made available for trading must trade on a SEF or DCM

Sell-side, buy-side and potential SEF’s remain frustrated at the lack of progress towards definitions and ultimate trading rule requirements. Many resources have been dedicated to developing infrastructure to operate in the new regulated environment and electronic trades are taking place. This is evidenced in the Tradeweb statistic of a 90% increase in notional trading volume YOY and a 114% increase in delta indicating greater activity in volatile market conditions.

## Canadian Regulators activity:

- OSC comment period for CSA Consultation Paper – Derivatives: Trade Repositories closed on September 12/11
- Expected publications release dates for comment:
  - » 91-408 Registration (Derivatives) - October 2011
  - » 91-404 Segregation and Portability (Derivatives) - October 2011
  - » 91-403 Central Counterparty Clearing (Derivatives) - October 2011
  - » 91-405 Exemptions (Derivatives) - October 2011
  - » 91-406 Surveillance, market Conduct (Derivatives) - October/November 2011
  - » 91-407 Exchange and Platform Trading (Derivatives) - November 2011
  - » 91-409 Capital and Collateral (OTC Derivatives) - December 2011

## Upcoming events:

Over-the-counter Derivatives Regulatory Reform in Canada, Beyond Speculation: Clarifying the New Rules. Toronto November 15-16, 2011. Jayson Horner, CEO and Mike White of CanDeal will be speaking at this event.

For more information on this event visit: <http://www.infonex.ca/995/overview.shtml>