TESTIMONY OF GARY GENSLER
CHAIRMAN, COMMODITY FUTURES TRADING COMMISSION
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Good morning Chairman Johnson, Ranking Member Crapo and members of the Committee. Thank you for inviting me to today's hearing. I am pleased to testify along with Securities and Exchange Commission (SEC) Chair Mary Jo White.

Today's hearing comes at an historic moment in the CFTC's effort to implement the much-needed reforms of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Now, three years since passage of the Dodd-Frank Act, I am pleased to report that we have nearly completed all of the necessary rule writing. Market participants are well along the path of implementing these reforms.

These reforms for the first time shine a light on a marketplace that has been opaque for far too long. These reforms mitigate risk and broaden market access through central clearing of standardized derivatives. These reforms for the first time bring oversight to swap dealers and major swap participants – some of whom were at the center of the bailouts of the financial crisis five years ago. I thank my fellow commissioners and the staff of the Commodity Futures Trading Commission (CFTC) for all of their hard work, dedication and collaboration in bringing oversight to the swaps marketplace.

Introduction

The public and the economy benefit from swap market reforms, just as the public benefitted from the historic reforms in the securities and futures markets since the 1930s. For the first time, we have in place a legal and regulatory foundation for the vast swaps markets that brings transparency and lowers risk for the American public. This new comprehensive regulatory regime includes robust rules of the road to benefit those who trade swaps as well as those who have never even heard of them.

In 2008, we witnessed widespread failure throughout the financial system and financial regulatory system. The lack of important oversight in the swaps market – oversight that we've had for decades in the securities and futures markets – allowed for risk to accumulate and be passed on to the public in the form of taxpayer-funded bailouts. Taxpayers sent $182 billion to AIG alone. And AIG was just one part of the larger financial crisis that nearly took down the U.S. and global economies.

Middle class Americans paid the price of the 2008 financial crisis with their jobs, their pensions and their homes. The crisis cost eight million jobs and thousands of businesses, and the swaps market was right at the center. Americans are remarkably resilient, but they do expect us to learn from the lessons of the crisis and to do everything possible to prevent this from happening again. That is why Congress passed the Dodd-Frank Act and why the hard working staff of the CFTC have worked so diligently to implement its reforms.

These rules are complementary pieces of an interconnected foundation on which the swaps market will operate in a transparent, open and competitive manner. Further, just as we have complementary commonsense rules for our roads – traffic lights, stop signs and speed limits, and cops on the streets to enforce all these rules – we need commonsense rules of the road for the swaps markets. In 2008, we had AIG recklessly driving toward failure, and it, along with other failing financial institutions, were so big that they injured millions of bystanders.

Americans would never accept a city or highway system with no rules, no streetlights, no traffic lights and no cops.

And now, with the near-completion of swaps market reforms, the American public no longer will need to accept a dark swaps market lacking commonsense rules of the road.

Credit should be shared for this reform with the SEC. We have worked collaboratively with the SEC, sharing our internal memos, term sheets and draft regulations and seeking advice and counsel every step of the way. In addition to the consultation, Congress tasked the CFTC and SEC with jointly completing a number of critical, foundational rules further defining swap dealers and swaps, among other terms. It is only with this close work and collaboration that reform came to life. We also significantly benefitted from collaboration with other U.S. and international regulators.

We have completed this reform sensitive, as Congress was, that non-financial firms, responsible for 94 percent of private sector jobs in this country, only make up approximately 10 percent of the swaps market. Congress directed that these non-financial end-users have a choice about central clearing, and our rules reflect that. Consistent with Congress's direction related to clearing, the CFTC has proposed that margin for uncleared swaps does not have to be collected from non-financial end-users. We also have ensured that treasury affiliates of non-financial end-users will have a choice about central clearing. Further, we granted relief for inter-affiliate clearing and reporting as long as outward-facing transactions are cleared and reported.

I now will walk you through the three key areas of completed reforms: transparency, central clearing and oversight of swap dealers and other intermediaries.

Transparency and Access – Lowering Cost and Increasing Liquidity, Efficiency and Competition

A key benefit of swaps reform is providing critical transparency and access to businesses and other end-users that use the swaps market to lock in a price or hedge a risk. Transparency and access – longstanding hallmarks of the futures market, both before and after the trade – lower costs for investors, consumers and businesses.

When light shines on a market, the economy and public benefit. Transparency increases liquidity, efficiency and competition. It is the non-financial part of our economy that provides 94 percent of private sector jobs in the United States and will most benefit from transparency and access to markets. Even amongst financial entities, pension funds, community banks, insurance companies and other non-dealers will significantly benefit as they manage the savings and security of Americans.

Based upon completed reforms, the public and regulators already are benefitting from significant new transparency. Starting late last year, financial regulators have been able to look at swaps transactions that are now being reported to swap data repositories. The phased implementation of these reporting requirements is nearly complete, with just one remaining group of U.S. transactions coming into data repositories August 19. Additional reporting from offshore swap dealers will phase in later this fall.

We now have pricing, transactional, counterparty and valuation information in the data repositories for more than $360 trillion in outstanding swaps. This covers all the different asset classes, including interest rate swaps, credit index swaps, foreign currency swaps, energy swaps, metals swaps and agriculture swaps. We already are benefiting at the CFTC, reviewing this data for purposes of our oversight and surveillance.

Congress knew, though that transparency to the regulators is not enough. Markets work best when the public benefits from seeing the price and volume of transactions after they have been executed. Beginning this past January, the public can now see the prices and volume of transactions on a time delayed basis (and in a way that masks counterparties), similar to a modern-day ticker tape, free of charge and available on the internet. Further, starting today, July 30, a significant portion of the smaller-size transactions will no longer be reported on a time-delayed basis. This fulfills Congress's mandate that transactions below a block size be publicly reported "as soon as technologically practicable."

As the Commission recently finalized block rules for swaps, it will shortly turn to consider staff recommendations for a proposal on a futures block rule.

In addition, for the first time, all swaps trading facilities will have to register, completing the task of closing what had come to be known as the "Enron loophole." We accomplished this through finalizing rules relating to swap execution facilities (SEFs), which are trading facilities for the transaction of swaps. SEFs already have started to register, and some are likely to be operating by August 5. Others will need to register and include the minimum trading functions, such as an order book, by October 2. All market participants shortly will have the ability to compete by making bids and offers to each other through an order book. They also benefit by seeing the prices of such orders prior to making a decision on a transaction.

Thus, market participants, whether they be pension funds, asset managers, community banks or other end users, shortly will be able to go onto a centralized market structure – a designated contract market (DCM) or a SEF – and execute their swaps transactions in a competitive marketplace, while in the past they were primarily only able to do this directly with dealers. This is a critical benefit to our overall economy. When transparency and competition come to a marketplace, costs go down.

Further, standardized swaps (swaps that are subject to the clearing requirement and made available for trading) will be subject to a trade execution requirement likely starting by early next year. A significant portion of interest rate and credit derivative index swaps will be in full view to the marketplace before transactions occur. Trading platforms also can elect to offer other types of swaps for transparent trading. This is a significant shift toward market transparency from the way it used to be.

As Congress made clear in the law, trades will be required to be executed on SEFs or DCMs only when financial institutions transact with financial institutions. Non-financial commercial companies and other end-users will benefit from access to the information on these platforms, but will not be required to use them. Further, companies will be able to continue relying on customized transactions – those not required to be cleared – to meet their particular needs, as well as to enter into large block trades.

Beyond these reforms, new CFTC rules brought additional transparency earlier this year, as customers can now see the valuation of their positions on a daily basis – either as reported by the clearinghouse or by their swap dealers as required by business conduct rules.

With these transparency reforms, the public and regulators now have their first full window into the swaps marketplace. These reforms build upon the democratization of the swaps market that is coming with the clearing of standardized swaps.

Central Clearing – Mitigating Risk and Promoting Access

Transparency is but one critical rule of the road in the swaps markets. It provides the street lamps that light the roads, but we also must ensure that the streets are safe for driving and that drivers have easy access to the highways.

Clearinghouses have operated in the futures markets since the late 19th century to lower risk and improve access for market participants. Clearinghouses reduce the risk that one entity's failure could spread to the public by standing between the parties and maintaining resources to cover defaults. They value every position daily and require the parties to post adequate margin on a regular basis. Clearing also fosters access for the broad market as it ensures that each participant no longer has to individually worry about its counterparty's credit characteristics.

The CFTC has implemented the two principal reforms of the Dodd-Frank Act relating to clearing.

First, consistent with the direction of the statute, the Commission in the fall of 2011 adopted a comprehensive set of rules for the risk management of clearinghouses. These final rules provided a strong set of protections for customer money posted to clearinghouses, including for the first time a requirement for gross margining as well as segregation of customer money at the clearinghouse.

These final rules were consistent with international standards as of the time that our rules were published. Subsequently, new international standards have been adopted – the Principles for Financial Market Infrastructures. Though the Commission's clearinghouse risk management rules cover the vast majority of these new international standards, CFTC staff is working expeditiously to recommend the necessary steps to implement the remaining items that should be incorporated in our rules. Most importantly, Commissioners currently are considering finalizing a rule requiring systemically important clearinghouses to have prefunded default resources sufficient to cover the default of the two clearing members that would cause the greatest loss (after margin) in extreme but plausible circumstances.

Second, the CFTC adopted rules to implement the Dodd-Frank Act's requirement that standardized swaps be cleared. The Commission approved the first clearing requirement last November, following through on the U.S. commitment at the 2009 G-20 meeting that standardized swaps be cleared by the end of 2012. The Commission has determined that swaps in four interest rate swap classes (U.S. Dollar, Euro, Sterling and Yen) and in two credit index swap classes (CDX and iTraxx) are subject to the clearing requirement. These asset classes account for the vast majority of interest rate and credit default index swaps.

We reached a key milestone in March when the clearing requirement for swap dealers and the largest hedge funds went into effect. Additional financial entities began clearing June 10. Compliance will continue to be phased in throughout this year. Accounts managed by third party investment managers and ERISA pension plans have until September 9. As we phase in compliance with the recently completed cross-border interpretive guidance, collective investment vehicles, including hedge funds, whose principal place of business is in the U.S. but may have incorporated offshore (for instance, in the Cayman Islands) will have to comply with the clearing requirements by October 10. Further, guaranteed affiliates of U.S. persons will have to begin complying with the clearing requirement on October 10 as well. The CFTC also fulfilled Congress's direction to exempt non-financial end-users from the clearing requirement.

Oversight of Swap Dealers and Other Intermediaries

The third critical piece of swaps market reform is oversight of swap dealers and investment funds operating in the swaps market. To extend the highway metaphor, we require that drivers have licenses and know the rules of the road. Though Congress did not suggest this for all market participants, they were clear that the dealers themselves had to be registered and be brought under new reforms. Furthermore, Congress directed that swaps reforms extend to investment vehicles that invest in swaps.

The foundational joint rules of the CFTC and SEC further defining swap dealers and swaps went into effect last October. By last December, swap dealers began to provisionally register. We now have had 80 swap dealers and two major swap participants provisionally register with the CFTC. This group includes the largest domestic and international financial institutions dealing in swaps, including the 16 institutions commonly referred to as the G16 dealers. We expect additional entities to register as swap dealers as the recently completed cross-border interpretive guidance becomes effective later this year.

Since the beginning of this year, swap dealers have had to report their trades to both regulators and the public. They also have had to comply with various business conduct standards that lower risk and increase market integrity. These include promoting the timely confirmation of trades and documentation of the trading relationship. Swap dealers also have been required since earlier this year to implement sales practice standards that prohibit fraud, require fair treatment of customers and improve transparency.

Cross-Border Derivatives Reform

Congress was clear that the far-flung operations of U.S. enterprises are to be covered by reform. Recognizing the lessons of the crisis and modern finance, Congress was clear in section 722(d) of the Dodd-Frank Act that swaps reform does apply to activities outside our borders with "a direct and significant connection with activities in, or effect on, commerce of the United States."

The largest banks and institutions are global in nature, and when a run starts on any part of an overseas affiliate or branch of a modern financial institution, risk comes crashing right back to our shores. The nature of modern finance is that financial institutions commonly set up hundreds, or even thousands, of legal entities around the globe. In fact, the U.S.'s largest banks each have somewhere between 2,000 and 3,000 legal entities. AIG nearly brought down the U.S. economy because it guaranteed the losses of a Mayfair Branch operating under a French bank license in London. Lehman Brothers had 3,300 legal entities, including a London affiliate that was guaranteed here in the U.S., and it had 130,000 outstanding swap transactions. Citigroup had structured investment vehicles that were set up in the Cayman Islands, run out of London, and yet were central to not one, but two bailouts of that institution. Bear Stearns, in 2007 had two sinking hedge funds organized in the Cayman Islands that had to be bailed out by the parent entity. A decade earlier, the same was true for Long-Term Capital Management.

After receiving public input and coordinating with the SEC and other regulators, working with international regulators, we issued guidance and an exemptive order to provide clarity to the market that our new rules apply to cross-border derivative activities. The CFTC interprets the cross-border provisions to cover swaps between non-U.S. swap dealers and guaranteed affiliates of U.S. persons as well as swaps between two guaranteed affiliates. The guidance does recognize and embrace the concept of substituted compliances where there are comparable and comprehensive rules abroad. Further, the interpretive guidance captures offshore hedge funds and collective investment vehicles that have their principal place of business here in the U.S. or that are majority owned by U.S. persons.

We published the proposed guidance for public comment in June of last year and then sought additional comment in December. On July 12, we gave swap dealers organized in each of six jurisdictions (Australia, Canada, the European Union, Hong Kong, Japan and Switzerland) five additional months to come into compliance with certain swaps reforms as we assess the submissions from those jurisdictions regarding substituted compliance.

Investment Funds

Furthermore, Consistent with Congress's direction that swaps reforms extend to investment vehicles investing in swaps, the Commission approved final rules 18 months ago that increase transparency to regulators of commodity pool operators (CPOs) and commodity trading advisors (CTAs) acting in the derivatives marketplace – both futures and swaps. The rulemaking also rescinded prior exemptions from CPO registration that had been used by many hedge funds. As a result, CPOs of registered investment companies and hedge funds were required to register by December 31, 2012, and, to date, more than 500 funds and registered investment companies have done so. Pooled investment vehicles, including registered investment companies that trade more than a de minimis amount in commodities or market themselves as commodity funds now will be subject to CFTC oversight. These rules enhance transparency and increase customer protections through amendments to the compliance obligations for CPOs and CTAs. The Commission currently is considering staff recommendations to finalize a rule that seeks to harmonize with the securities laws, to the extent possible, requirements for CPOs of registered investment companies.

Looking Forward on Swaps Market Reform

Now that we have successfully completed the bulk of the rulemaking, and the market is largely implementing those reforms, the CFTC is focusing on three principal areas.

Compliance, Registration, Surveillance and Enforcement

First, with most of the new reforms' compliance dates behind us, the CFTC is increasingly shifting toward reviewing registration applications of various entities and reviewing those entities and transactions for compliance through the agency's surveillance, examination and enforcement functions.

The CFTC will continue to work with market participants as they phase in compliance with these completed reforms. The CFTC embraced phasing in compliance to smooth the transition to a new regulatory regime and to ensure that reform is actively implemented. Market participants began phasing in compliance last October. As I have reviewed, much already has been accomplished, but, looking ahead, there are critical compliance dates through the rest of this year and into 2014.

International Harmonization

Second, we are going to continue to work with regulators around the globe to promote reform and harmonize where we can. For example, we are working closely with our international counterparts to ensure that all U.S. persons and their guaranteed affiliates are covered by reform – either the Dodd-Frank Act reforms or through compliance with comparable and comprehensive rules of another jurisdiction.

Earlier this month, we took a significant step when the European Union and we announced a path forward regarding joint understandings for the regulation of cross-border derivatives. This was a significant step forward in harmonizing and giving clarity to the markets, particularly when there might be jurisdictional overlaps with regard to our respective reforms.

The CFTC over the next five months will be reviewing submissions from the six jurisdictions (Australia, Canada, the European Union, Hong Kong, Japan and Switzerland) to assess their regulatory regimes with regard to possible substituted compliance determinations.

We also are working with foreign regulators on memoranda of understanding to ensure that we will be able to exercise our respective supervisory responsibilities in an efficient, coordinated manner.

Dodd-Frank Rulemakings

Third, we do have a handful of rules to finalize, including capital and margin for swap dealers, the Volcker Rule and position limits.

The CFTC is collaborating closely domestically and internationally on a global approach to margin requirements for uncleared swaps. We have been working along with the Federal Reserve, the other U.S. banking regulators, the SEC and our international counterparts on a final set of standards to be published by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions (IOSCO). The CFTC's proposed margin rules exclude non-financial end-users from margin requirements for uncleared swaps. We have been advocating with global regulators for an approach consistent with that of the CFTC. I now anticipate that the final set of international standards, which are nearing completion, will not call for margin for non-systemic, non-financial entities. After the international standards are published, the CFTC will further propose margin rules likely later this year and seek to finalize those rules in the first half of 2014.

Following Congress' mandate, the CFTC is working with our fellow domestic financial regulators to complete the Volcker Rule. In adopting the Volcker Rule, Congress prohibited banking entities from proprietary trading, an activity that may put taxpayers at risk. At the same time, Congress permitted banking entities to engage in certain activities, such as market making and risk mitigating hedging. One of the challenges in finalizing a rule is achieving these multiple objectives.

In the Dodd-Frank Act, Congress directed the Commission to impose limits on speculative positions in physical commodity futures and options contracts and economically equivalent swaps. The agency finalized a rule in October 2011 that addressed Congress's direction to prevent any single trader from obtaining too large a share of the market to ensure that derivatives markets remain fair and competitive. Last fall, a federal court vacated the rule, and we currently are in the process of appealing that decision. Concurrently, we are working on developing a new proposed rulemaking to address position limits. It is critically important that these position limits be established as Congress required.

Looking Forward on Other Critical Reforms

In addition to the ongoing work on swaps market reform, the CFTC also is pursuing a number of other critical initiatives. I will highlight three such initiatives in this testimony.

Customer Protection

First, the Commission is continuing its work to enhance the protection of customer funds in both the futures and swaps markets.

We have completed amendments to rule 1.25 regarding the investment of customer funds to benefit both futures and swaps customers in December 2011. The CFTC's gross margining rules for futures and swaps customers, which went into effect last November, require clearinghouses to collect margin on a gross basis. Futures Commission Merchants (FCMs) are no longer able to offset one customer's collateral against another or to send only the net to the clearinghouse. Swaps customers further benefit from the new so-called "LSOC" (legal segregation with operational comingling) rules, which also became effective last year and ensure funds are protected individually all the way to the clearinghouse.

The Commission also worked closely with market participants on new customer protection rules adopted by the self-regulatory organization (SRO), the NFA. These include requiring FCMs to hold sufficient funds for U.S. foreign futures and options customers trading on foreign contract markets (in Part 30 secured accounts). Starting last year, FCMs must meet their total obligations to customers trading on foreign markets under the net liquidating equity method. In addition, withdrawals of 25 percent or more of excess segregated funds would necessitate pre-approval in writing by senior management and must be reported to the designated SRO and the CFTC.

Building upon these reforms, in the fall of 2012, the Commission sought public comment on a proposal that would further strengthen the controls around customer funds at FCMs. It would set new regulatory accounting requirements and would raise minimum standards for independent public accountants who audit FCMs. And it would provide regulators with daily direct electronic access to the FCMs' bank and custodial accounts for customer funds.

The proposal includes a provision on residual interest to ensure that the assets of one customer are not used to cover the positions of another customer. We are considering the many comments we have received on this, consistent with the specific provisions of the Commodity Exchange Act and the overall goal of protecting customers. The Commissioners shortly will receive final staff recommendations on this rule. I think it is critical that we complete these reforms this fall.

Benchmark Interest Rates

Second, the CFTC is continuing its work with domestic and international regulators to ensure the market integrity of benchmark interest rates. Benchmark interest rates, such as the London Interbank Offered Rate (LIBOR) are very important to the American public. LIBOR is the reference rate for 70 percent of the U.S. futures market and more than half of our swaps market. It is the reference rate for more than $300 trillion in derivatives and more than $10 trillion in loans. We need to ensure that these benchmark interest rates have market integrity and that they are based on fact, not fiction.

The interbank unsecured market that the benchmarks are intended to measure, however, essentially no longer exists, particularly for longer tenors.

Furthermore, our enforcement actions against three global banks, along with those of the Financial Conduct Authority, the Justice Department and others, have shown that LIBOR, EURIBOR and similar rates have been readily and pervasively rigged. The CFTC initiated an investigation in 2008 related to LIBOR. Barclays, UBS and RBS paid fines of approximately $2.5 billion for manipulative conduct relating to these rates as a result of multiple agencies' enforcement and criminal actions.

Given these vulnerabilities and the real risk that they will remain, to ensure market integrity and support financial stability, the Financial Stability Oversight Council recommended in its annual report that U.S. regulators work with foreign regulators, international bodies, and market participants to promptly identify alternative interest rate benchmarks that are anchored in observable transactions and are supported by appropriate governance structures, and to develop a plan to accomplish a transition to new benchmarks while such alternative benchmarks are being identified. The Council further recommended that steps be taken to plan for and promote a smooth and orderly transition to alternative benchmarks, with consideration given to issues of stability and to mitigation of short-term market disruptions.

An IOSCO task force took an important step in bringing reform to benchmark interest rates in announcing new principles earlier this month. Given the known problems with LIBOR, EURIBOR and other significant market benchmarks, I am pleased that the IOSCO Principles require that benchmarks be anchored by observable transactions and subject to robust governance processes that address potential conflicts of interest. This report establishes new international standards.

The Financial Stability Board (FSB) is building upon the work of IOSCO by initiating a review of alternatives to existing benchmark interest rates as well as considering any potential transition issues. The FSB has established an Official Sector Steering Group of regulators and central banks and will convene and guide the work of a Market Participants Group.

Direct Market Access

Third, Commission staff currently is developing a concept release for public comment concerning the testing of systems and supervision of market participants with direct electronic market access. These concepts will be designed to address potential risks that high frequency traders and others who have direct market access may cause. Working with other regulators, we hope to hear from the public on this issue soon.

Resources

Traffic laws are only as good and as valuable as the cops assigned to enforce them. While the reforms of the Dodd-Frank Act are essential to promoting transparency and lowering risk in the marketplace, they will not be sufficient to protect the public unless we have the cops on the beat to enforce them. To do so, the CFTC must be adequately funded.

The agency currently is operating on a budget of $195 million after sequestration and has a staff of 685. That is only 8 percent more staff than we had twenty years ago. Yet since that time, the futures market has grown five-fold, driven by rapid advances in technology. The swaps market is eight times larger than the futures market.

Imagine telling the South Dakota Highway Patrol or the Idaho Patrol that, instead of just patrolling the streets of South Dakota or Idaho, they are now responsible for policing a vast portion of the country's highway system, but they can only hire 8 percent more officers.

That is basically the challenge we now face at the CFTC. Making the challenge even harder is that the new highway system we have been tasked with overseeing is much more complex. Not only do we need resources to have enough cops on the beat, but we need to make sure that our cops have the tools necessary to police the highways and protect the public.

We are not asking for eight times our current funding, but investments in both technology and people are needed for effective oversight of these markets by regulators.

Though data has started to be reported to the public and to regulators, we need the staff and technology to access, review and analyze the data. With 80 entities having registered as new swap dealers, as well as new swap data repositories, swap execution facilities and clearinghouses, we need people to review registrations and to run examinations to ensure compliance and ensure market integrity. Furthermore, as market participants expand their technological sophistication, CFTC technology upgrades are critical for market surveillance and to enhance customer fund protection programs.

The U.S. government is facing a strained budget environment, but adequately funding the CFTC is a good investment for the American public. The $182 billion AIG bailout was nearly 600 times more than the CFTC's budget request of $315 million. Without sufficient funding for the CFTC, the nation cannot be assured that this agency can effectively enforce essential rules that promote transparency and lower risk to the economy. Without sufficient funding for the CFTC, the nation cannot be assured this agency can closely monitor for the protection of customer funds and utilize our enforcement arm to its fullest potential to go after bad actors in the futures and swaps markets.

Conclusion

Today's hearing comes as many of the swaps market reforms that this Committee worked to include in the Dodd-Frank Act have already begun to benefit the American public. The CFTC, having completed 59 final rules, orders and guidances, has nearly completed the rule set, and market participants are coming into compliance with these reforms. Clearinghouses have begun clearing the majority of interest rate and credit index derivatives, and the biggest swap dealers have provisionally registered with the CFTC. The public and regulators are benefitting from transparency, as real time and regulatory reporting is already a reality. SEFs will be up and running soon.

Our staff has worked tirelessly to complete this reform that is so important to the American public. We will continue to work with domestic and international regulators on these critical reforms and to ensure compliance.

I am pleased to tell you that the swaps market, which once was an unregulated highway, now has streetlights and traffic laws. The dealers now have to have drivers' licenses. Though there is still critical work to be done, the swaps marketplace will no longer be dark and will now have safer roads. Still, our traffic laws will not be fully effective without a sufficient number of cops patrolling the highways and back roads.

Thank you again for inviting me today, and I look forward to your questions.