

## MISSION

### The mission of the Principal Traders Group is to:

- Provide a forum for proprietary trading groups to identify and discuss issues confronting the PTG community;
- Define common positions on public policy issues and advance the group's collective interests through the FIA;
- Improve public understanding of the constructive role played by proprietary trading groups in the exchange-traded derivatives markets; and
- Promote cost-effective, transparent access to U.S. and non-U.S. markets.

## TOP ISSUES

### Top Issues List – 2011

1. Equal access to centrally cleared OTC markets;
2. CFTC rules to clarify disruptive trading practices;
3. Rulemaking for defining and establishing requirements for swap dealers;
4. Tax policies which impact PTGs;
5. Communication/Education on current market issues, such as DMA.

## ACTIONS

### FIA PTG Actions – 2011 Highlights

*Here is a list of some of the accomplishments of the group in 2011:*

#### **Legislative Initiatives**

- Formed Political Action Working Group to manage our contributions to Futures Industry Political Action Committee (“FIPAC”) and develop a political action strategy for the group.
- Sponsored Senator Stabenow luncheon.
- Participated as a sponsor in Rahm Emanuel’s inaugural events.
- Briefed both Democratic and Republican senior staff of the House Agricultural Committee in February on the evolution of the markets and the FIA PTG perspective on Dodd-Frank.
- Visited with majority and minority staff of the House and Senate Agriculture Committees in December.

#### **Regulatory Initiatives**

- Contributed to FIA Washington’s comment letter on Designation of Chief Compliance Officer.
- Contributed to FIA Washington’s Response to Recommendations of the Joint CFTC-SEC Advisory Committee (on the Market Events of May 6, 2010 – Flash Crash).
- Contributed to FIA Washington’s Position Limits comment letter.
- Contributed to FIA Washington’s Core Principles for DCMs comment letter.
- Contributed to FIA Washington’s Risk Management Requirements for DCOs comment letter.
- Contributed to FIA Washington’s Anti-Disruptive Trading Practices Authority Proposed Interpretive Order comment letter.
- Responded, in conjunction with FIA EPTA, to IOSCO consultation report on “Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency.”
- Contributed to FIA Washington’s comment letter to Internal Revenue Service on proposed changes to Regulation 1256.
- Submitted comment letter in response to CFTC Commissioner O’Malia’s proposed definition of High-Frequency Trading.  
[http://www.futuresindustry.org/ptg/downloads/FIAPTG\\_OMalia.pdf](http://www.futuresindustry.org/ptg/downloads/FIAPTG_OMalia.pdf)

#### **Comment Letters Submitted Independently by the Principal Traders Group**

- Submitted comment letter on further definition of “Swap Dealer”, “Major Swap Participant” and “Eligible Market Participant”.
- Submitted comment letter on Core Principles and Other Requirements for Swap Execution Facilities.
- Submitted comment letter on Capital Requirements and Financial Condition Reporting for Swap Dealers and Major Swap Participants.
- Submitted comment letter on Customer Clearing Documentation and Timing of Acceptance for Clearing.

## FIA PTG OUTREACH

### FIA PTG Outreach

- Members participated in CFTC Disruptive Trading Practices Roundtable.
- Members participated on CFTC Technology Advisory Committee (“TAC”).
- Reactivated Communication Subcommittee which is in the process of finalizing updated Talking Points for use with legislators and press.
- FIA PTG members moderated and/or participated on various panels at FIA Boca, FIA Expo and FIA IT Division Conferences.
- Jim Overdahl continued to represent the group as it’s spokesperson.

## SAMPLE ARTICLES

### Sample Articles

- <http://www.reuters.com/article/2011/02/18/financial-regulation-flashcrash-idUSN1826544420110218>
- <http://www.nytimes.com/2011/10/09/business/clamping-down-on-rapid-trades-in-stock-market.html>
- <http://www.businessweek.com/news/2011-09-09/high-frequency-trading-study-finds-impact-on-trading-is-limited.html>
- <http://www.investmentnews.com/article/20110912/FREE/110919991>

## OTHER INITIATIVES

### Other Initiatives

- Met with CME Class B Board of Director candidates prior to CME annual election.
- Created CME Market Data License Agreement (“MDLA”) Working Group which convinced exchange to allow for the creation of a third category of users – Principal Trading Groups. PTGs that have already signed the earlier version will be given the opportunity to sign an amendment geared towards PTGs.
- Formed Implied Functionality Working Group. Activities included hiring an academic to validate research, writing a white paper and publishing an article in *Futures Industry* magazine. <http://www.futuresindustry.org/fi-magazine-home.asp?a=1321>
- Formed Exchange Market Data Dissemination Issues Working Group to work with exchanges on best practices for supplying data to academics for research purposes.
- Created Credit Limits for Cleared Swaps Working Group tasked with drafting white paper on “Risk Management Practices for OTC Cleared Derivatives.”
- Working with four largest futures exchanges to sponsor a volatility study.
- Provided members with exchange and regulatory updates throughout Hurricane Irene weekend.
- Provided members with exchange and regulatory updates during initial weeks of MF Global bankruptcy crisis.

## ORGANIZATIONAL HIGHLIGHTS

### Organizational Highlights

- Added nine new Member Firms.
- Created and adopted FIA PTG Bylaws.
- Elected Officers, Executive and Nominating Committee Members.
- Supported FIA in creation of new division – FIA European Principal Traders Association (“FIA EPTA”).
- One Board Member and Three Advisors from FIA PTG were added to FIA IT Board.

## TOP ISSUES IN 2012

### Proposed Top Issues List - 2012

1. Fair access to centrally cleared OTC markets;
2. Rulemaking for defining and establishing requirements for swap dealers;
3. Tax policies which impact PTGs;
4. Communication/Education on current market issues, with emphasis on:
  - a) Providing facts and addressing rumors about professional trading and high-frequency trading techniques;
  - b) How the current market structure benefits the average investor;
  - c) The underlying causes of volatility in recent years.