



2013 IOSCO ANNUAL MEETING REGULATORY WORKSHOPS

Monday, 16 September

WORKSHOP I

(10:00-12:30 / 14:00-15:00)

INTERACTION BETWEEN PHYSICAL & FINANCIAL COMMODITY MARKETS A ROLE for REGULATORS

We have been experiencing a massive increase in trading of commodity derivatives both in organized exchanges and over the counter markets during the last decade. The rise of the commodity markets as an asset class is mainly associated with institutional investors' active participation, who started using commodity derivatives as an investment tool, rather than for commercial hedging purposes. Continuously increasing notional amounts in OTC commodity derivative markets have raised concerns among the regulatory community, particularly at the G-20 level, due to the opaque nature of such markets and their possible negative disruptive effects on global financial stability and commodity prices. The workshop will focus on the dynamics of commodity derivatives markets and the link/interaction between the physical and commodity markets and the impact of this interaction and financialization on volatility and commodity prices. It will also analyze the role of speculators in price volatility and will highlight the line between speculation and manipulation as a hazardous attempt to interfere with the free and fair operation of the markets. IOSCO's Oil PRA and Financial Benchmarks Principles will be discussed as means to address vulnerabilities to manipulation in commodity and commodity derivatives markets. Lack of transaction data at the global level, both in commodity derivatives markets and the underlying commodity markets; the need for coordination among national and international financial and commodity market authorities for enforcement and surveillance purposes; and deterrent enforcement and sanction regimes on commodity markets related wrongdoings will be other focal points for discussion.

Speakers:

- 1- **David Lawton** (Moderator) – IOSCO Committee 7 Co-Chair, UK FCA
- 2- **Scott O'Malia** – Commissioner, CFTC
- 3- **Bahattin Buyuksahin** - Research Adviser, Bank of Canada
- 4- **Jeff Harris** – Prof at Syracuse University, Former CFTC Chief Economist
- 5- **David Fyfe** - Head of Market Research & Analysis, Gunvor Group