

Smart Financial Regulation Roundtable

Regulating Derivatives Markets

NOVEMBER 2-3, 2017

The Willard InterContinental | Washington, DC



THE INSTITUTE FOR
FINANCIAL MARKETS



MERCATUS CENTER
George Mason University

WELCOME

**Smart Financial Regulation Roundtable
Regulating Derivatives Markets**

NOVEMBER 2-3, 2017

The Willard InterContinental | Washington, DC

PRESENTED BY

The Institute for Financial Markets
Mercatus Center at George Mason University

ABOUT US



The Institute for Financial Markets

Established in 1989, the Institute for Financial Markets (IFM) seeks to increase public awareness and understanding of the importance of financial markets and the financial service industry to the global economy through education and research. We focus our attention and activities primarily on derivatives and the vital markets for instruments like futures, options and swaps. These derivatives markets help to support a vibrant economy and help individuals, institutions, producers, companies and governments understand how markets function and how to improve the management of credit risks. Recently, the IFM announced a partnership with other contributing organizations to fund an education website called Futures Fundamentals. This one-stop resource provides risk management education to learners at all levels.

As a non-partisan, 501(c)3 nonprofit foundation, the IFM serves in a unique position of educating industry professionals and investors, as well as other stakeholders of financial market information, such as public policymakers, regulators, educators and the media. While these other stakeholders may not trade, nor directly service the needs of financial market participants, they still have a keen interest in the markets and play an important role in shaping legislation, policies and practices, and informing others about the markets.

The Institute for Financial Markets
2001 Pennsylvania Avenue NW | Ste 600
Washington DC 20006

theifm.org

Mercatus Center at George Mason University

The Mercatus Center at George Mason University is the world's premier university source for market-oriented ideas—bridging the gap between academic ideas and real-world problems. As a university-based research center, the Mercatus Center trains students, conducts research of consequence, and persuasively communicates economic ideas to solve society's most pressing problems and advance knowledge about how markets work to improve people's lives.

Our mission is to generate knowledge and understanding of the institutions that affect the freedom to prosper and to find sustainable solutions that overcome the barriers preventing individuals from living free, prosperous, and peaceful lives.

Since 1980, the Mercatus Center has been located at George Mason University.

Mercatus Center at George Mason University
3434 Washington Blvd, 4th Floor
Arlington, VA 22201

mercatus.org

PROGRAM

THURSDAY • NOVEMBER 2, 2017

OPENING RECEPTION

PEACOCK LOUNGE • 6:00 PM–7:00 PM

KEYNOTE DINNER

WILLARD ROOM • 7:00 PM–9:00 PM

- **Brian D. Quintenz** Commissioner, U.S. Commodity Futures Trading Commission

FRIDAY • NOVEMBER 3, 2017

WELCOME

GRAND BALLROOM FOYER, LOWER LEVEL • 8:00 AM–8:45 AM

Check-in and Networking Breakfast

OPENING REMARKS

GRAND BALLROOM, LOWER LEVEL • 8:45 AM–9:00 AM

- **Benjamin K. Klutsey** Program Manager, Financial Markets Working Group and Program on Monetary Policy, Mercatus Center at George Mason University
- **Trish Foshée** President, The Institute for Financial Markets

PANEL I

GRAND BALLROOM, LOWER LEVEL • 9:00 AM–10:15 AM

Applying Economic Principles to Financial Markets Regulation

How can regulators bring to their important work a practical, economically sound understanding of how markets serve people? Can an economic analysis of rules before they are adopted and after they are implemented help policymakers assess whether a particular rule effectively achieves regulators' intended objectives?

PANELISTS:

- **Paul Atkins** Chief Executive Officer, Patomak Global Partners
- **Sharon Brown-Hruska** Director, Securities and Finance Practice and the White Collar, Investigations and Enforcement Practice, NERA Economic Consulting



- **Andy Green** Managing Director of Economic Policy, Center for American Progress
- **J.W. Verret** Senior Affiliated Scholar, Mercatus Center at George Mason University and Associate Professor, Antonin Scalia Law School, George Mason University

MODERATOR:

- **Thomas L. Hogan** Assistant Professor of Finance, Johnson Center for Political Economy, Troy University and former Chief Economist, U.S. Senate Committee on Banking, Housing, and Urban Affairs

REFRESHMENT BREAK

GRAND BALLROOM FOYER, LOWER LEVEL • 10:15 AM – 10:30 AM

PANEL II

GRAND BALLROOM, LOWER LEVEL • 10:30 AM – 11:45 AM

Enforcing the Rules of the Game

What is the philosophy of enforcement among market regulators? How can regulators use their enforcement programs to cultivate fair and orderly markets without discouraging beneficial market activities? How has the CFTC's enforcement program changed in light of the new powers it received under the Dodd-Frank Act? Will the CFTC's recent use of non-prosecution agreements for the first time lead the CFTC to take on more circumstantial cases, including cases that the CFTC historically would not have pursued? Should the risk of criminal prosecution be used as a deterrent?

PANELISTS:

- **Candice Aloisi** Chief Trial Attorney, U.S. Commodity Futures Trading Commission
- **Jerry W. Markham** Professor of Law, Florida International University College of Law
- **David Meister** Partner, Government Enforcement and White Collar Crime, Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates
- **Brian Kidd** Deputy Chief, Securities and Financial Fraud Unit, U.S. Department of Justice

MODERATOR:

- **Gary DeWaal** Special Counsel, Katten Muchin Rosenman, LLP

KEYNOTE LUNCH

GRAND BALLROOM FOYER, LOWER LEVEL • 11:45 AM – 1:30 PM

- **Thomas A. Lambert** Wall Chair in Corporate Law and Governance and Professor of Law, University of Missouri Law School, and author of the new book, *How to Regulate: A Guide for Policymakers*

BREAK

GRAND BALLROOM FOYER, LOWER LEVEL • 1:30 PM – 1:45 PM

PANEL III

GRAND BALLROOM, LOWER LEVEL • 1:45 PM – 3:00 PM

The Future of Financial Regulation

Is the current system pro-innovation enough? Can regulatory sandboxes (and other regulatory relief measures) provide the necessary accommodation for market-improving innovations? Can we leverage innovation to improve regulation and enforcement? What barriers stand in the way of improving our regulatory process?

PANELISTS:

- **Daniel Gorfine** LabCFTC Director and Chief Innovation Officer, U.S. Commodity Futures Trading Commission
- **Beth Knickerbocker** Chief Innovation Officer, Office of the Comptroller of the Currency
- **Roberta Romano** Sterling Professor of Law and Director, Yale Law School Center for the Study of Corporate Law
- **Benedict Wagner-Rundell** First Secretary, Economic at Foreign and Commonwealth Office, British Embassy, Washington, DC

MODERATOR:

- **Brian Knight** Senior Research Fellow, Financial Markets Working Group at the Mercatus Center at George Mason University

CLOSING REMARKS

GRAND BALLROOM, LOWER LEVEL • 3:00 PM – 3:15 PM

- **Benjamin K. Klutsey** Program Manager, Financial Markets Working Group and Program on Monetary Policy, Mercatus Center at George Mason University
- **Trish Foshée** President, The Institute for Financial Markets

Join the Conversation!

SUBMIT QUESTIONS ONLINE AT:

- **Website:** www.slido.com
- **Event code:** SmartFinReg

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- **Network:** IC Willard Conference
- **Password:** SmartFinReg

SPEAKERS



Candice Aloisi

Since 2011, Candice Aloisi has been an attorney in the Division of Enforcement of the U.S. Commodity Futures Trading Commission (CFTC). She currently

serves as a Chief Trial Attorney in the Division. In this role, Aloisi supervises investigations and enforcement actions under the Commodity Exchange Act and Commission Regulations.

Prior to joining the CFTC, Aloisi practiced for several years as a litigation associate at the law firms of Morvillo, Abramowitz, Grand, Iason & Anello PC and Debevoise & Plimpton LLP. Earlier in her career, Aloisi clerked for the Honorable Julio M. Fuentes of the U.S. Court of Appeals for the Third Circuit, and the Honorable Stanley R. Chesler of the U.S. District Court for the District of New Jersey.



Paul Atkins

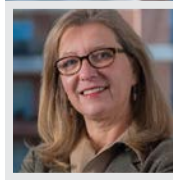
Paul Atkins is CEO of Patomak Global Partners, a financial services consultancy that provides strategic regulatory advice, compliance and risk management

services, and enforcement and litigation support.

Atkins served as a member of the President's Strategic and Policy Forum, and was a member of the Congressional Oversight Panel for the Troubled Asset Relief Program.

Atkins served as Commissioner for the U.S. Securities and Exchange Commission (SEC) from 2002 to 2008, and earlier served on staff for SEC chairmen Richard C. Breeden and Arthur Levitt. Prior to government service, Atkins was a partner of PricewaterhouseCoopers and a lawyer with Davis Polk & Wardwell in New York.

Atkins received his A.B., *summa cum laude*, from Wofford College, and his J.D. from Vanderbilt University School of Law.



Sharon Brown-Hruska

Sharon Brown-Hruska is Director in the Securities and Finance and White Collar Investigations and Enforcement Practices of National Economic Research Associates,

Inc. (NERA) and a Professor at the Energy Institute of Tulane University. She has extensive experience as an economist, policy maker, and educator, and has served on corporate boards of commercial and financial firms, exchanges, and government agencies.

Brown-Hruska served as Commissioner (2002–2006) and Acting Chairman (2004–2005) of the U.S. Commodity Futures Trading Commission (CFTC). She has been both a practitioner and a proponent of rigorous cost-benefit analysis of proposed rules and regulations, and has led teams conducting cost-benefit analyses of proposed regulations affecting the nation's capital, energy, and commodities markets. She has addressed numerous governmental and financial organizations, including U.S. House and Senate committees, International Monetary Fund, and the International Organization of Securities Commissioners, et al. She has published in *Forbes*, *Barron's*, *Capital Markets Law Review*, *Wall Street Journal*, *Regulation*, and *Financial Times*. She holds a Ph.D. in economics from Virginia Tech.



Gary DeWaal

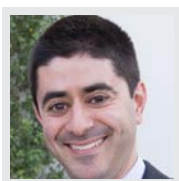
Gary DeWaal focuses his practice on financial services regulatory matters. He counsels clients on the application of evolving regulatory requirements to

existing businesses and structuring more effective compliance programs, as well as assists in defending and resolving regulatory disciplinary actions and enforcement matters.

Previously, DeWaal was a senior managing director and group general counsel for Newedge, where he

oversaw the worldwide Legal, Compliance, Financial Crimes Prevention (including AML) and Regulatory Developments departments. He also worked for the U.S. Commodity Futures Trading Commission's Division of Enforcement in New York. For several years, DeWaal taught a course in derivatives regulation as an adjunct professor at Brooklyn Law School. He currently serves as a practitioner faculty and mentor for the State University of New York Buffalo Law School's New York City Program on Finance & Law.

DeWaal is frequently quoted in the media for his thoughts on the international financial services industry and has published numerous articles on futures and securities industry issues. He regularly lectures or appears as a speaker at futures and securities industry conferences or in training sessions for international regulators. DeWaal is the sole author and publisher of *Bridging the Week*, a blog addressing issues in the financial services industry.



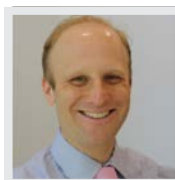
Daniel Gorfine

Daniel Gorfine is Chief Innovation Officer and Director, LabCFTC at the U.S. Commodity Futures Trading Commission. LabCFTC is dedicated to facilitating market-

enhancing financial technology (FinTech) innovation, fair market competition, and proactive regulatory excellence and understanding of emerging technologies. He also is an Adjunct Professor at the Georgetown University Law Center where he teaches a course on 'FinTech Law & Policy.

Gorfine was most recently Vice President, External Affairs & Associate General Counsel at OnDeck, and previously served as director of financial markets policy and legal counsel at the Milken Institute think tank, where he focused on technology-driven financial innovation, capital access, and financial market policy. Earlier in his career, Gorfine worked at the international law firm Covington & Burling LLP, and served a clerkship with U.S. District Court Judge Catherine C. Blake in the District of Maryland.

Gorfine holds a J.D. from George Washington University Law School and an M.A. from the Paul H. Nitze School for Advanced International Studies (SAIS) at Johns Hopkins University, and a B.A. from Brown University.



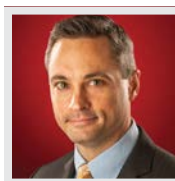
Andy Green

Andy Green is the Managing Director of Economic Policy at the Center for American Progress. He writes on finance, competition, trade, and the economy. Green

was editor of *Raising Wages and Rebuilding Wealth*, CAP's wide-ranging report on how to rebuild American middle class. He has appeared on a range of television and radio on economic policy and has testified before Congress on financial regulation.

Previously, he was counsel to a commissioner of the U.S. Securities and Exchange Commission and to U.S. Senator Jeff Merkley (D-OR) on the Senate Banking Committee. His legislative work includes the Dodd-Frank Act's Volcker Rule, and the JOBS Act's crowdfunding provisions.

Before coming to Washington, Green practiced corporate law in Asia. Green holds a B.A. and an M.A. from Harvard University and a J.D. from the University of California, Hastings College of the Law.

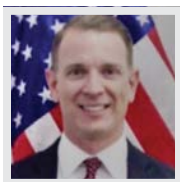


Thomas Hogan

Thomas Hogan is Assistant Professor of Finance in the Johnson Center for Political Economy at Troy University. He was formerly the Chief Economist

for the U.S. Senate Committee on Banking, Housing, and Urban Affairs.

Hogan earned his Ph.D. in Economics from George Mason University and holds B.A. and M.A. degrees in Business Administration from the University of Texas at Austin. His research has been published in academic journals such as *Economic Inquiry*, the *Journal of Regulatory Economics*, and the *Journal of Money, Credit & Banking*. He has worked for investment funds in the U.S. and Europe, and is a former consultant to the World Bank.



Brian Kidd

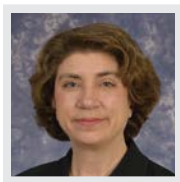
Brian Kidd currently serves as the Deputy Chief in the Securities and Financial Fraud Unit (SSF) at the Justice Department, which focuses on the prosecution of

complex and sophisticated securities, commodities, and other financial fraud cases. He joined the Justice's Fraud Unit as a trial attorney in 2015.

From 2012 to 2015, Kidd was a trial attorney in the Public Integrity Section of the Department of Justice, where he successfully prosecuted corrupt police officers, among other government officials. He led the investigation that resulted in the indictment of three former Takata Corporation executives who schemed to defraud auto manufacturers by providing false and misleading test data related to the performance and safety of Takata airbags. In addition, Kidd and the team negotiated a \$1 billion corporate resolution with Takata.

Earlier in his career, Kidd served as a criminal Assistant United States Attorney for the Commonwealth of Puerto Rico, where he prosecuted violent gangs and international drug trafficking cases. He also has worked in private practice, and clerked for the Hon. Aida M. Delgado-Colon at the United States District Court in Puerto Rico.

Kidd received his J.D. magna cum laude from Benjamin N. Cardozo School of Law of Yeshiva University in New York City, and his B.A. in Political Science from University of California at Santa Cruz.



Beth Knickerbocker

Beth Knickerbocker is the Chief Innovation Officer at the Office of the Comptroller of the Currency (OCC). In this role, she

is responsible for managing the day-to-day operations of the Office of Innovation and implementing the OCC's innovation framework. She served in an acting capacity in this role from October 2016, before officially taking on these duties in May 2017. Prior to this role, Knickerbocker served on the OCC's legal staff since 2014 working on a variety of legislative and regulatory matters and working groups related to cybersecurity, financial technology and financial innovation.

Prior to her work at the OCC, Knickerbocker served as a Vice President and Senior Counsel in the American Bankers Association's (ABA) Office of Regulatory Policy from 2012 to 2014 and focused on implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, risk management, governance insider lending, transactions with affiliates, and bank examination issues. Before joining the ABA, Knickerbocker was the Chief Risk Officer for Marshall & Ilsley Corporation. She was also an attorney at the law firm Sutherland Asbill & Brennan LLP (now Eversheds Sutherland LLP). She began her career as an attorney with the OCC from 1992 to 2000, serving in the Enforcement and Compliance and Community and Consumer Law divisions.

Knickerbocker is a graduate of the University of Iowa College of Law, high distinction, and earned a B.A. in politics and international relations from Cornell College, magna cum laude, Phi Beta Kappa.

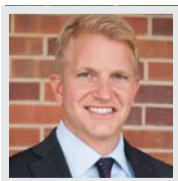


Brian Knight

Brian Knight is a senior research fellow at the Mercatus Center at George Mason University. His research focuses on numerous aspects of financial

regulation, including the creation of pro-innovation regulatory environments; the role of federalism in FinTech regulation; the use of digital assets for financial transactions; the role of regulation for credit markets and consumer protection; and, the provision of capital to small businesses. He also blogs at FinRegRag.

Prior to joining the Mercatus Center, Knight worked for the Milken Institute, where he headed up the FinTech and Capital Access programs. He has experience working for a broker-dealer with a focus on the emerging online private-placement market, and was the co-founder of CrowdCheck, a company providing due-diligence and disclosure services to companies and intermediaries engaged in online private offerings.



Thomas Lambert

Thomas Lambert holds the Wall Chair in Corporate Law and Governance, and is a Professor of Law at the University of Missouri Law School. An elected

member of the American Law Institute, Lambert is widely published in the areas of corporate law, regulatory theory, and antitrust. His recent book, *How to Regulate: A Guide for Policymakers* (Cambridge University), released in August 2017, explores market failures and regulatory efforts to correct failures, and how the best regulations are crafted and why they work.

Lambert blogs regularly at *Truth on the Market*, a site focused on academic commentary on antitrust, business and economic legal issues. He is co-author of a leading antitrust casebook, *Antitrust Law: Interpretation and Implementation* (5th ed., Foundation Press, 2013).

Before entering academia, Lambert practiced law in the Chicago office of Sidley Austin. He is a graduate of Wheaton College in Illinois and earned his J.D. from the University of Chicago Law School. After graduating from law school, he clerked for Judge Jerry E. Smith of the U.S. Court of Appeals for the Fifth Circuit.

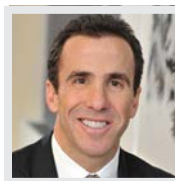


Jerry Markham

Jerry Markham is a Professor of Law at the Florida International University in Miami (FIU). He was previously a Professor of Law at the University of North Carolina

at Chapel Hill, and taught as an Adjunct Professor at the Georgetown Law Center in Washington, D.C.

Markham earlier served as chief counsel, Division of Enforcement, U.S. Commodity Futures Trading Commission; secretary and counsel for the Chicago Board Options Exchange, Inc.; attorney at the U.S. Securities and Exchange Commission; and was a partner in the international law firm of Rogers & Wells (now Clifford Chance). Markham has published numerous articles and books that have been widely cited, including a six volume *Financial History of the United States*.

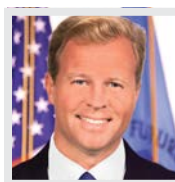


David Meister

David Meister heads Skadden's Government Enforcement and White Collar Crime Group in New York. Having served twice in federal law enforcement—most

recently as Enforcement Director of the U.S. Commodity Futures Trading Commission (CFTC), and previously as an assistant U.S. attorney in the Southern District of New York. He has more than 25 years of experience litigating enforcement and white collar crime matters from both the prosecution and the defense perspectives.

Meister rejoined Skadden in 2014 after serving for nearly three years as Director of the CFTC's Enforcement Division, where he was responsible for the overall direction of the program. As Director, Meister worked closely with top leadership at the U.S. Security and Exchange Commission, the U.S. Department of Justice, and numerous U.S. attorneys' offices, the Federal Energy Regulatory Commission, and other federal and state agencies and self-regulatory organizations across the country, as well as the UK's Financial Conduct Authority and financial market regulators in Europe, Asia and Australia.



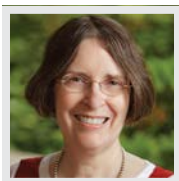
Brian Quintenz

Brian Quintenz was nominated by President Trump as a Commissioner of the U.S. Commodity Futures Trading Commission in May 2017 and was unanimously

confirmed by the Senate in August.

Commissioner Quintenz's career has straddled both public policy and finance. He started his career as a Congressional policy aide before moving into finance as a buy-side analyst of the banking sector during the financial crisis. Most recently, Commissioner Quintenz founded and ran his own investment firm and hedge fund.

Quintenz graduated magna cum laude from Duke University and received an M.B.A. from the McDonough School of Business at Georgetown University, where he was inducted into the Phi Beta Gamma honors society.



Roberta Romano

Roberta Romano is Sterling Professor of Law at Yale Law School and Director of the Yale Law School Center for the Study of Corporate Law. Her research

has focused on state competition for corporate charters, the political economy of corporate law, shareholder litigation, institutional investor activism in corporate governance and the regulation of securities markets and financial instruments and institutions.

Romano is a fellow of the American Academy of Arts and Sciences and the European Corporate Governance Institute, a research associate of the National Bureau for Economic Research, a past President of the American Law and Economics Association and the Society for Empirical Legal Studies, and a past co-editor of the *Journal of Law, Economics and Organization*. She has received the Yale Law Women teaching award three times and was honored for “exemplary mentorship and good work” by the Business Associations section of the Association of American Law Schools.

Romano is the author of *The Genius of American Corporate Law* (1993) and *The Advantage of Competitive Federalism for Securities Regulation* (2002), and series editor of the *Foundations of Law* reader series and editor of the volume in the series, *Foundations of Corporate Law*, 2d Ed. (2010).



J.W. Verret

J.W. Verret is a senior affiliated scholar at the Mercatus Center at George Mason University. From May of 2013 through April of 2015, Verret was on leave to

serve as chief economist at House Financial Services Committee. Verret rejoined the Mercatus Center in May of 2015.

As a member of the Mercatus Center's Financial Markets Working Group, he regularly briefs congressional staff, members of Congress, U.S. Securities and Exchange (SEC) Commissioners, and other financial regulatory agencies on financial regulation topics. Verret also is an associate professor of law at Antonin Scalia Law School. His primary research interests are corporate governance, securities regulation, and executive compensation.

Prior to joining the faculty at Mason Law, Verret was an associate in the SEC Enforcement Defense Practice Group at Skadden, Arps in Washington, DC. He received his J.D. and M.A. in public policy in 2006 from Harvard Law School and the Harvard Kennedy School of Government, respectively.



Benedict Wagner-Rundell

Benedict Wagner-Rundell is First Secretary in the Economics team at the British Embassy in Washington DC. He has been

at the British Embassy since July 2014, and is the Embassy lead on financial services and tax policy. Previously, Wagner-Rundell worked for six years at the UK Treasury department. For three years he worked on tax policy, covering energy and transportation tax, and long-term personal income tax strategy.

From 2011, Wagner-Rundell worked on financial services policy, and was responsible for policy development on the structural reform of the UK banking sector, as part of the UK Government's response to the global financial crisis. Specifically, he was senior policy advisor on the 'ring-fencing' of retail from investment banking, responsible for drawing up the precise scope of the retail ring-fence, and for supporting the passage of the Banking Reform Act of 2013 through the UK Parliament.



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