



LOG IN SIGN UP HELP

Thursday, Oct.16, 2008 Company Site Company News

Welcome !

Quotes  Search  Enter topic  Free. Where's the market goin...

**7.3%**  
Tortoise & Hare Portfolio

**2.6%**  
S&P 500

**Morningstar StockInvestor**  
Click to get results like this

Are funds in your portfolio exposed to **Lehman, AIG, WaMu?**

Membership Home Portfolio Stocks Options Funds ETFs Hedge Funds Markets Tools Personal Finance Discuss

News



[Next Dow Jones Article >>](#)

## Acting CFTC Chair: Need For New Oversight Of Derivatives

10-15-08 6:48 PM EDT | [E-mail Article](#) | [Print Article](#)

**Read Morningstar's Take on the Latest News**

- [Another Loss Reported at Citi](#)
- [Electro Scientific Announces Merger](#)
- [Misinformation Regarding Deerfield](#)

**Read Morningstar's Analyst Reports**

- [American International Group \(AIG\)](#)
- [CME Group Inc \(CME\)](#)
- [IntercontinentalExchange \(ICE\)](#)

Try Premium Membership today. Your first 14 days are free of charge. [Start my Premium Membership Trial.](#)

[Dollar Savings Direct 4.00% APY Savings Account. Join Today!](#)

**See Top Quotes and News**

- [American International Group \(AIG\)](#)
- [CME Group Inc \(CME\)](#)
- [IntercontinentalExchange \(ICE\)](#)

**Top Dow Jones News**

[MARKET SNAPSHOT: U.S. Stock Indexes Scale Down Again As Volatility Reigns](#)  
10-16-08 | 01:34 PM EST

[BOND REPORT: Treasurys Edge Up As Philly Fed Plunges](#)  
10-16-08 | 01:08 PM EST


[MARKET SNAPSHOT: U.S. Stock Indexes Scale Back Stiff Losses](#)  
10-16-08 | 12:16 PM EST

[More Dow Jones News](#)

**Morningstar's Latest Articles**

[Click here](#) to see the full list.

Sponsors Center



Morningstar  
Premium Membership  
▶ FREE 14-DAY TRIAL

▶ Portfolio X-Ray  
▶ Free Trial

WASHINGTON -(Dow Jones)- Acting Chairman Walter Lukken of the U.S. Commodity Futures Trading Commission acknowledged on Wednesday that more regulatory oversight is needed for over-the-counter derivatives products.

Lukken's statements come at a time when unregulated derivatives are coming under greater scrutiny as lawmakers struggle to understand what role they played in helping to topple some of the most powerful firms on Wall Street.

Lukken, a Republican, helped craft the legislation that barred the CFTC from regulating most swap products during his days as a congressional staffer in 2000.

But times have changed, and in his testimony before the House Agriculture Committee, he said that federal regulators, including the CFTC and the Securities and Exchange Commission, need the authority to police these opaque markets for fraud and manipulation.

"I think it's very clear that the over-the-counter markets have developed significantly over the eight-year period of time," Lukken said later when asked if it was a mistake to exclude swaps from CFTC regulation. "It will require us to take a fresh view on how we should regulate this."

Of particular interest to lawmakers and regulators are credit derivatives like the credit-default swap, a private insurance-like contract that lenders use to protect against borrowers who can't pay their debts.

Both the House and Senate agriculture committees held hearings on these types of derivatives this week, and the chairmen of those committees put the industry on notice that new regulations will soon be under way.

"Your folks need to get real if they don't think they are going to be regulated," House Agriculture Committee Chairman Collin Peterson, D-Minn., warned the International Swaps and Derivatives Association Wednesday.

Lukken's call for regulatory reform is just one of many voices, but as a new president prepares to take office soon, it is possible that congressional leaders may develop even more sweeping reforms than the ones Lukken proposed Wednesday.

On Tuesday, for instance, Senate Agriculture Committee Chairman Tom Harkin, D- Iowa, said he plans to introduce legislation to force OTC derivatives onto exchanges and possibly even ban certain kinds of credit default swaps.

Questions also remain over which agency should regulate these derivatives. SEC Chairman Christopher Cox has asked for new regulatory powers, and Erik Sirri, the director of trading and markets, testified Wednesday that the SEC would like to see mandatory recordkeeping and reporting for all credit default swaps.

Lukken, meanwhile, called on federal agencies to work in tandem. Still, some of his



**How to Avoid Coming Up Short in Retirement**

They say retirement can be the best time of your life. And it can be if you have enough money to enjoy it. If you have a \$500,000 portfolio, you should download our new guide "The 15-Minute Retirement Plan." It's loaded with useful information that can help you plan for a comfortable, secure retirement. Don't miss it! [Click Here to Download Your Report!](#)

FISHER INVESTMENTS®

But those proposals could take some time to launch, and they would be regulated by different federal agencies, depending on how they are structured.

Rep. Peterson said he fears that a turf battle between the SEC, the CFTC and the Federal Reserve is starting to brew, and he worries that industry groups hoping to keep regulations to a minimum will try to exploit it.

"I'm afraid the industry may try to divide and conquer here by trying to get this thing split up between three, four different groups and then avoid regulation," he said.

-By Sarah N. Lynch, Dow Jones Newswires; 202-862-6634; sarah.lynch@dowjones.com

Click here to go to Dow Jones NewsPlus, a web front page of today's most important business and market news, analysis and commentary: <http://www.djnewsplus.com/al?rnd=OrtSIIHcySwqAE2cjOAK%2Bw%3D%3D>. You can use this link on the day this article is published and the following day.

(END) Dow Jones Newswires  
10-15-081848ET  
Copyright (c) 2008 Dow Jones & Company, Inc.

[E-mail This Article to a Friend](#)

**Sponsored Links**

- ➔ [FxPro.com - FOREX](#)  
Trade Forex, Stocks and Futures with flexible leverage up to 1:5...
  - ➔ [Low Interest Credit Cards - Apply Here](#)  
0% Intro APR, No Annual Fee Low Interest Credit Cards. Compare O...
  - ➔ [Understanding & Investing in Oil and Natural Gas](#)  
Check out this e-book; a great resource for novice and experienc...
  - ➔ [Free. Where's the market going from here?](#)  
Top-Ten market-timer Sy Harding provides free daily analysis. 21...
  - ➔ [Find the Stock of the Year!](#)  
Gryphon Financial wants to offer you the chance to take your inv...
  - ➔ [Download Free Research On GDP and Recession](#)  
Economy will post positive growth through the middle of this yea...
  - ➔ [Real Time Sports Ticket Futures Exchange](#)  
Make money trading sport ticket futures on our real time exchange
  - ➔ [Mortgage Refinance Rates at 5.50% FIXED!](#)  
\$200,000 mortgage for \$699/month. See Lower Payment NOW - No SSN...
- [Buy a Link Now](#)

[↑ Top](#)

[Corrections](#) [Site Map](#) [Help](#) [Advertising Opportunities](#) [Licensing Opportunities](#) [Glossary](#) [Store](#) [RSS](#)

© Copyright 2008 Morningstar, Inc. All rights reserved. Please read our [Terms of Use](#) and [Privacy Policy](#).  
Quotes for NASDAQ are 15 minutes delayed. All other exchanges are delayed 20 minutes.

Content Partners ▶

