

# InCiDA

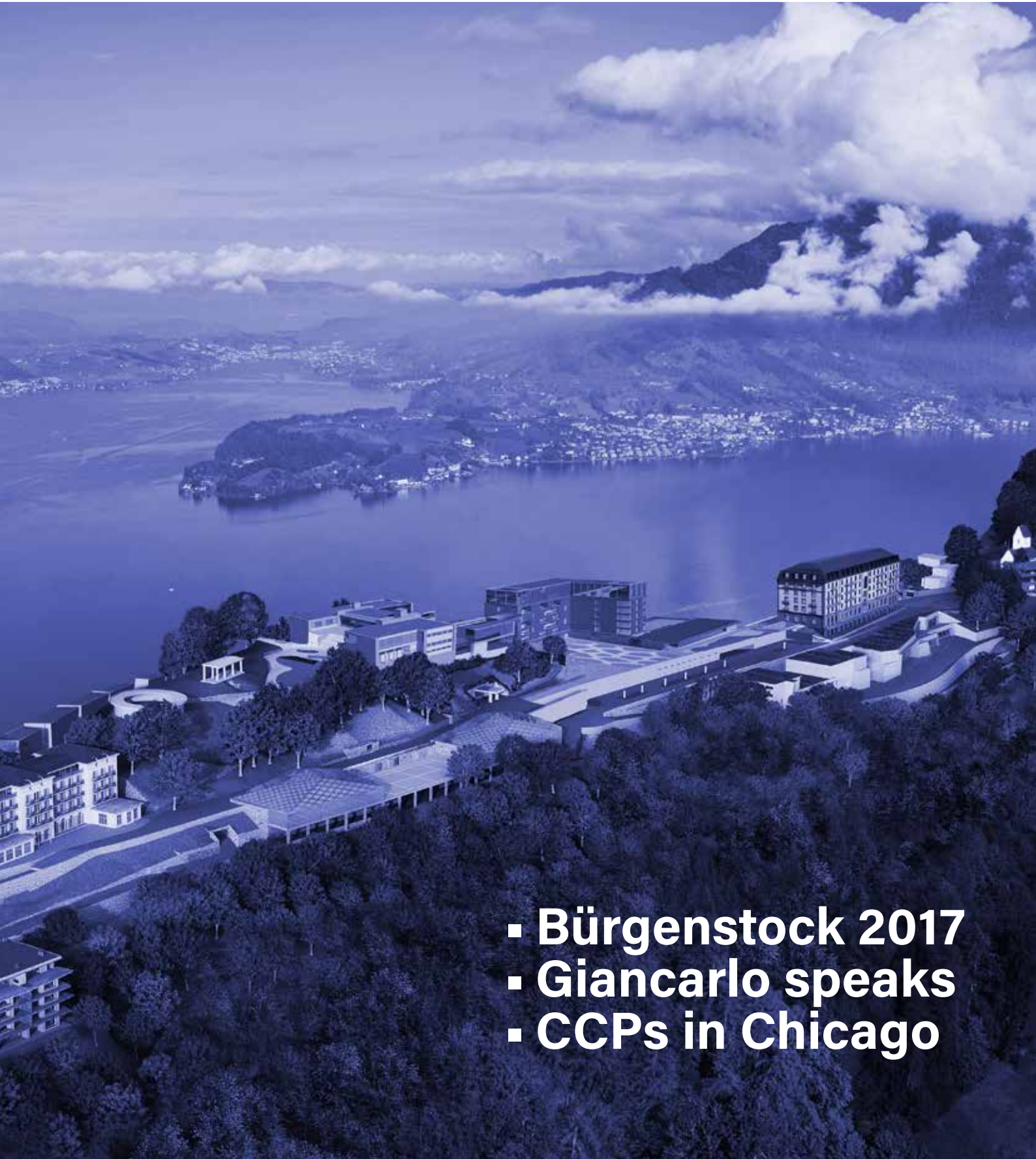
## ICDA INSIDER: NOVEMBER 2017

Members' newsletter: your update - what is happening: members and events...

## LATEST NEWS AND VIEWS

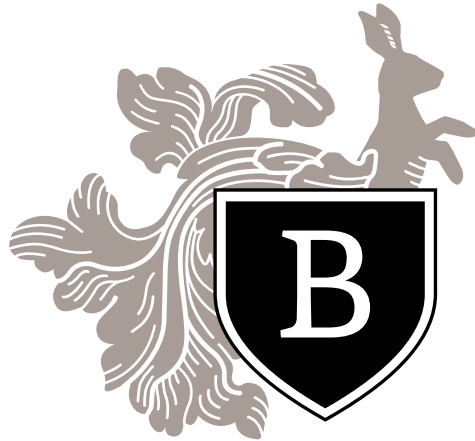
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**ICDA**  
International  
Commodities  
& Derivatives  
Association



- Bürgenstock 2017
- Giancarlo speaks
- CCPs in Chicago

## We're back!



### BÜRGENSTOCK

#### Moving mountains...

During the last ten years, the challenge of keeping our annual Bürgenstock meeting going has been considerable. It is difficult to move an iconic meeting 'off the mountain' but the good news is that after ten years of renovation, the resort is once again open and we are back. We held part of our annual meeting at the resort this year, and next year (on 17/18/19 September 2018) we return in full.

Located on the side of the 'Bürgenberg', which is some 500 metres above Lake Lucerne, the Bürgenstock resort has played host to marriage of the Audrey Hepburn and Mel Ferrer and was a favourite haunt of Sophia Loren - who actually lived there for a number of years. It also provided the stunning backdrop for James Bond in the movie Goldfinger. It was also, until 2007, when it was closed for renovation, the home of our famous commodities and derivatives meeting, which started way back in 1980.

A decade on and the doors of the Bürgenstock resort have finally been reopened. It has been worth the wait; spread over 60 hectares and

surrounded by woodlands and meadows, the site comprises the best of the old resort with the original Victorian hotel shining through in all its *belle époque* glory. Audrey Hepburn's tiny chapel mercifully is preserved as the jewel in the crown, with the new hotel fashioned in a bold contemporary design. The floor-to-ceiling glass walls of the main Bürgenstock hotel ballroom and conference room jut out over the mountain edge and make an epic canvas of the spectacular views of Lake Lucerne and far beyond.

This year's ICDA Bürgenstock delegates were able to sample something of the delights of the new resort with the Gala Dinner on the second night being held back up on the Bürgenberg. The programme for Bürgenstock 2018 will see the full conference being returned to the mountain. Old ground, but new heights and a fresh perspective - the Bürgenstock meeting is on the rise again ●

# 2017

**THE ASSOCIATION IS THE SECOND OLDEST FUTURES INDUSTRY ASSOCIATION IN THE WORLD, FOUNDED IN 1980, AND THE ONLY ONE HEADQUARTERED IN CONTINENTAL EUROPE**



## Change brings opportunity...

As the only international association for the commodities and derivatives industry based in continental Europe, 2017 has brought us many opportunities - not least from the continuing geopolitical turbulence and the relative shocks to the marketplace arising from national elections and, of course, Brexit. We have seen an increase in our membership for the first time in many years, and are enjoying a much more active participation and closer co-operation with our existing members.

ICDA encourages participation from members. Alongside our Bürgenstock meeting, we are successfully supporting and hosting other training, conference and seminar events throughout the year. 2016 saw our first foray into the realms of fintech with our London blockchain conference. In March 2017 we held our first pure commodity regulation-focused event in Geneva.

We are planning an exciting agenda for 2018, so keep an eye open for announcements of new meetings.

Further innovation is being introduced at the membership level. In addition to the dual category ('A' and 'B') corporate memberships, and the individual 'C' memberships, we have now added a new 'patron' level membership, which gives huge benefits (see back page)..

ICDA constantly seeks to promote dialogue between market players and regulators, and this first edition of 'ICDA Insider' marks the development of an open platform for lively discussion and the promotion of new development and ideas.. We would like you to contribute news and views, so please get in touch if you would like to submit an article! ●

In recent years the Association has been through a metamorphosis. Quite apart from our rebranding, since 2014 we have reformed our articles of association, streamlined our membership, rebuilt our website and relaunched the Bürgenstock meeting. We have run new events for the commodities trading community and organised events outside Switzerland...

- **2014: CHANGED OUR NAME TO REFLECT OUR GLOBAL FOCUS**
- **2014: LAUNCHED REGULAR NEWSLETTER BRIEFINGS**
- **2014: LAUNCHED INCODA.ORG WEBSITE AND DECOMMISSIONED SFOA.ORG**
- **2015: REFORMED OUR BY-LAWS AND STREAMLINED MEMBERSHIP TIERS**
- **2015: SIGNED NEW MEMORANDUM OF UNDERSTANDING WITH CHINA**
- **2016: LAUNCHED FIRST INTERNATIONAL EVENT IN LONDON**
- **2017: CREATED PATRON MEMBERS**
- **2017: RELOCATED OFFICE PREMISES TO MORE FLEXIBLE CAROUGE LOCATION**
- **2017: LAUNCHED FIRST COMMODITY REGULATION-FOCUSED EVENT**
- **2017: FORGED CLOSER PARTNERSHIPS WITH STSA, GAFTA AND CFA**
- **2017: ADDED NEW EXCHANGE MEMBERS**
- **2017: LAUNCHED DEDICATED BÜRGENSTOCK.ORG WEBSITE**
- **2017: RETURNED TO BÜRGENSTOCK**

# Bürgenstock 2017

## The main event...

In recent years we have renewed our focus on the content of the Bürgenstock event, taking advantage of the diversity of our membership to allow a wide range of different voices to be heard discussing topics which range from the most salient and contentious (although perhaps still highly speculative) issues to more niche and technical subjects which yet feed into our understanding of the challenges facing the industry at large.

This year's Bürgenstock meeting was designed so as to enable greater interaction between the regulators attending our long-running private meeting and those attending the public meeting. A record number of regulators participated in and attended the public meeting, both chairing and participating in panels, and almost all were present at the Gala Dinner at the Bürgenstock resort on the Tuesday evening. The atmosphere was congenial but extremely purposeful throughout, and never more so than during the keynote speech given by the Chairman of the CFTC, Chris Giancarlo.

A great venue deserves a great speech, and Chairman Giancarlo certainly has the star quality to equal the other luminaries which have graced this particular mountaintop. References to 007 and the proximity of the resort to the headquarters of arch-villain Auric Goldfinger brought plenty of laughter, but this was no covert mission on the part of CFTC; the message Chairman Giancarlo came to deliver at the Bürgenstock meeting was as clear as it was witty and erudite.

Talking about the global swaps reform following the financial crisis of 2008, the Chairman reflected on the outcome of the Pittsburg G-20 Summit, the slow restoration of order to markets following that meeting, and the crisis itself in the context of the implementation of global standards. He reminded the audience that, alongside the unified call for reform, there had been a pledge to reject 'protectionism'. He made reference to the various iterations of these reforms, Title VII of the Dodd-Frank Act in the U.S. and

EMIR and the forthcoming MIFID II in Europe. He recalled an earlier post-crisis speech he had given in 2014 (also at the Bürgenstock in Geneva) when he counselled deference to home country regulators and the building of cross-border regulatory relationships, rather than imposing regulatory uniformity as the best route to regulating swaps trading in global markets. 'Flourishing capital markets,' he said 'are the answer to US and European 21st century woes.' The co-operation with reference to the accord on CCP equivalence reached in 2016 between the CFTC and the EC was hailed as an example of productive relationship across jurisdictions which enhances market vitality.

Then came the main thrust of his speech, the recent proposal of the European Commission to regulate third-country CCPs, including a policy to introduce a CCP location policy in the wake of the Brexit referendum. On this he was unequivocal: "I would consider any unilateral change by EU authorities to the CFTC-EU Equivalence Agreement to be a violation of trust between the U.S. and Europe." He went on to say that regardless of the outcome of the Brexit negotiations, that rulemaking could not be "piecemeal and contradictory" and that the CFTC were willing to offer support to ensure that we strive for "a comprehensive and universal solution that supports strong cross-border markets" and which "recognizes and builds upon the strengths of our respective supervisory programs."

With respect to the next steps in swaps reform Chairman Giancarlo emphasised the point that market players will always look to participate in well-designed regulatory frameworks, that trading counterparties seek neither the least nor the most regulated marketplaces, but those which have the right balance of sensible, objective and reliable regulation. He gave the example of the thriving Fintech industry in London which has been created and fostered by a regulatory environment which recognises the importance of innovation and investment for the broader markets. He made reference to

**"I WOULD CONSIDER ANY UNILATERAL CHANGE BY EU AUTHORITIES TO THE CFTC-EC EQUIVALENCE AGREEMENT TO BE A VIOLATION OF TRUST AND CO-OPERATION BETWEEN THE US AND EUROPE..."**

*CFTC Chairman C. Giancarlo,  
ICDA Bürgenstock 2017*

the LabCFTC initiative, highlighting the U.S. regulatory recognition of market evolution, and the commitment of the CFTC to keep pace with technology.

Finally, the Chairman said that the time has come to fix flawed implementation of regulatory reform, to develop rules which successfully shift risk to those who can best bear it from those who cannot but to ensure that regulation does not diminish trading and stifle markets. A collective striving towards the kind of regulatory harmony which fosters sound and vibrant markets is the only way “to exorcize the spectre of the 2008 financial crisis”.

It was a great privilege to hear the Chairman speak, and we are delighted that he chose, again, to use the stage provided by the Association to deliver another timely and powerful message to those responsible for shaping the future of markets. At the risk of mixing our metaphors, there was a sense

that the strength of his message at the Bürgenstock Gala Dinner made him less the spectre at the feast and rather the ghost of Christmas Present – full of bonhomie but carrying with him a clear warning that the path upon which some market authorities have recently been threatening to set upon represents a real danger for global markets •

*You can read the full text of the speech by CFTC Chairman Chris Giancarlo at the ICDA Bürgenstock 2017 Gala Dinner - visit the CFTC website here: <http://bit.ly/2IKUaXC>*

**“...IT’S TIME TO FIX FLAWED IMPLEMENTATION OF REGULATORY REFORM ... TO ENSURE REGULATION DOES NOT DIMINISH AND STIFLE MARKETS...”**



# Chicago rules

## THE FEDERAL RESERVE BANK OF CHICAGO INVITED ICDA TO THEIR FOURTH ANNUAL CONFERENCE IN OCTOBER 2017

Dan Day-Robinson represented ICDA at a private CCP risk management conference in the Windy City entitled 'Beyond Default Risk', which was organised and hosted by the Federal Reserve Bank of Chicago on 17th October 2017. Among the many C-suite attendees, senior speakers addressed several hundred delegates, covering a broad range of topics relating to financial and systemic risk, technology and operational risk and expectations for the future. There was an impressive level of audience participation which created a lively discussion aimed at identifying problems and potential solutions in the light of industry consolidation and concentration of market players. What is clear is that there are a number of clear and

present dangers arising from a decline in the number of FCMs, the challenges of reduced liquidity, the perhaps faulty application of the supplemental leverage ratio, together with existential threats from cyber crime. Do CCPs represent new types of institutions needing a different relationship with central banks? These and other questions were all discussed vigorously and ICDA wishes to thank Robert Cox and his colleagues for their very kind invitation to participate in this important forum. We look forward to working with the Chicago Fed. and indeed all colleagues to develop the important themes of the meeting; to widen the debate and work to ensure regulation works to benefit, not hinder, development of the global marketplace ●



### GLOBAL CHALLENGES



### SYSTEMIC RISK



### RESOLUTION PLANNING



### TOOLBOX FOR REGULATORS



*Jet lag in Chicago - the city's impressive early morning skyline (ICDA photo)*

# 39<sup>th</sup> Bürgenstock

Back on the Bürgenberg  
September 17/18/19 2018

## ICDA Bürgenstock 2018

...the 39th international meeting  
for commodities & derivatives  
Bürgenstock, Switzerland  
17/18/19 September 2018

Bürgenstock is organised by ICDA, the second oldest futures industry association in the world, and the only one based in continental Europe. This is the 39th conference; the first conference was held in the alpine resort in 1980. After more than 10 years of closure for renovation, ICDA is now able to return to the Bürgenberg to host the entire 2018 event. 2017 Sponsors were:



BÜRGENSTOCK

**COVINGTON**



Exchange Regulation



# Become a patron

ICDA offers its members a new unique opportunity to have a voice in the industry and, unlike other associations of a similar nature, the ICDA is genuinely and entirely neutral. Through our annual Bürgenstock meeting and other smaller events, ICDA actively promotes dialogue between market participants and the regulatory bodies who determine the parameters and influence the methods by which business may be conducted. We have a reputation for promoting and exploring new and emerging markets, extended recently into the sphere of fintech and challenger technologies. We identify and raise awareness of new products and platforms and through our meetings and events, such as our recent blockchain conference. We create focused forums where emerging market firms and established market players can successfully interact.

ICDA encourages an active participation from its members and seeks to provide an open platform for the raising of issues, or the promotion of new development and

ideas. The ICDA has both the respect which is afforded by its long history within the industry, and the credibility which comes from a willingness to innovate.

#### Primary membership categories:

**Patron Member.** At our recent Annual General Meeting, the members approved this new level of membership. Patron Members are effectively providing the underlying financial support for the Association. As such, a Patron Member has a key role in our development and future.

A Patron Member is allowed to participate in the Board of Directors of the Association by nominating a fit and proper person to participate in the Board of Directors. In terms of other visible benefits, a Patron Member is automatically shown as a primary sponsor at all ICDA events (including the Annual Bürgenstock Meeting) - our seminars, our social meetings and in our newsletters. Patron Members are shown as patrons of the Association on the front page of our websites

and in all documentation for the Association. Patron Members can also invite their employees to ICDA events, free-of-charge.

**A' member.** The 'A' Member category includes any exchange or clearing organization in Switzerland or abroad that is subject to state regulation, as well as Swiss or foreign professional associations whose purposes or activities are, either directly or indirectly, close to those of the Association. An A Member is a grassroots member of the Association, it does not necessarily serve on our Board of Directors but it can apply for discounted tickets for our events as well as reduced (beneficial rates) on sponsorship.

**'B' Members** are support and services firms (for example professional firms and software vendors).

**'C' Members** are individuals who are, for example, independent consultants. This category does not include anyone working for a bank or corporate entity as an employee •

**More info at <http://www.incoda.org>**

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