

MISSION

MISSION OF THE FIA PRINCIPAL TRADERS GROUP

- Provide a forum for proprietary trading firms 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 equities and derivatives markets; and
- Promote cost-effective, transparent access to U.S. and non-U.S. markets.

2013 TOP ISSUES

TOP ISSUES LIST - 2013

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; and
 - c) The underlying causes of volatility in recent years.

ADVOCACY

FIA PTG/CFXQCE[

Legislative Initiatives

- Hosted a "Meet & Greet" in Chicago for Illinois Congressman Hultgren in February.
- FIA PTG Chairman met with members of Treasury and the House Ways and Means Committee in Washington to discuss proposed tax reform legislation.
- FIA PTG representatives met with members of the House Agriculture and Financial Services Committees and Senate Agriculture and Banking Committees in May.
- Hosted a Chicago fundraiser for Texas Congressman Conaway in July.
- FIA PTG representatives met with members of the House Financial Services Committee and Senate Banking Committee in November.

Regulatory Initiatives

- Contributed to FIA's comment letter on Part 46 historical reporting of contingent swaps.
- Contributed to FIA's comment letter on the CME's MRAN on Wash Trades.
- Contributed to FIA's comment letter in response to the CFTC Concept Release on Risk Controls and System Safeguards for Automated Trading Environments.
- FIA PTG Chairman participated in CFTC Futurization Roundtable in January.
- FIA PTG members met with CFTC Commissioners O'Malia and Wetjen in Boca during the FIA Conference in March.
- FIA PTG representatives and Chairman met with Chairman Gensler in Washington in September and November.
- FIA PTG representatives met with Commissioner Wetjen in Washington in October.
- FIA PTG ISO/AT9000 Working Group members had a call with Commissioner O'Malia in November to discuss the status of the initiative.
- Requested and received from the CFTC two extensions of limited "no-action" relief from swap dealer registration.
- Requested and received from the CFTC "no-action" relief that provides relief from certain conditions of the swap dealer exclusion for registered floor traders.
- FIA PTG representatives met with Gregg Berman, SEC Associate Director of the Office of Analytics and Research, and his staff in Washington.
- Submitted a letter to the SEC describing how trading firms use drop copies in response to a request from the FIA PTG visit with them in November 2012.
- Submitted comment letter to the SEC on Regulation SCI.
- Submitted comment letter to the SEC on CBOE BCP.
- Submitted comment letter to the SEC on CBOE Firm Element Continuing Education.

ADVOCACY

FIA PTG OUTREACH

Regulatory Initiatives (continued)

- Submitted comment letter to the SEC on ISE Firm Element Continuing Education.
- Submitted comment letter to the SEC on CBSX FINRA Membership Requirement.
- Submitted comment letter to the SEC on FINRA Wash Sale Rule Change.
- Submitted letter to BaFin asking for guidance for FIA PTG Members trading on German Markets in US-domiciled entities.

FIA PTG OUTREACH

- Members continue to participate on the CFTC Technology Advisory Committee (“TAC”) and CFTC TAC Subcommittee on Automated and High Frequency Trading.
- Jim Overdahl and the Herald Group/Sobba Public met and spoke with reporters and bloggers to influence media coverage. Publications and blogs include *The Wall Street Journal*, *New York Times*, *Businessweek*, *Reuters*, *Bloomberg News*, *Toronto Globe and Mail*, *Automated Trader*, *The Trade*, *Forbes*, *Financial Times*, *Barrons*, *Compliance Week* and *The Streetwise Professor* blog.
- Arranged media interviews for various FIA PTG Boca attendees with: *Reuters*, *Bloomberg Businessweek*, *Bloomberg News*, *John Lothian Newsletter*, *Wall Street Letter*, *Options Insider* and *Handelsblatt*.
- Launched End-User Initiative which included a call with the National Gas Supply Association and appearances at the National Grain and Feed Association Risk Management Committee Meeting and their Country Elevator Conference.
- Members moderated and/or participated on various panels at FIA Boca, FIA NY Expo, FIA Futures & Options Expo and FIA IT Division programs.
- Jim Overdahl continued to represent the group as its spokesperson.

FIA PTG issued statements on the following topics:

1. Equities SROs’ plans to strengthen critical market infrastructure;
2. Launch of SEC public MIDAS data website;
3. Timing of government releases of market-moving data;
4. CFTC Concept Release on Risk Controls and System Safeguards for Automated Trading Environments;
5. SEC market resiliency proposal; and
6. WSJ article alleging “loophole” at CME.

Sample Articles

“Brakes on High-Speed Futures Trades Would Do Harm, Industry Says”

Bloomberg News
By Matthew Leising
December 12, 2013

“Regulators stumble on defining high-frequency trading”

The Globe and Mail
By Anna Nicolaou
Dec 12, 2013

“Are High-Speed Trading Concerns Overstated?”

By Joe Mont
September 2013

“The fragmentation factor”

Automated Trader
Q4 2013

OTHER INITIATIVES

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OTHER INITIATIVES

- Worked with FIA to produce “Drop Copy Recommendations” white paper.
[http://www.futuresindustry.org/downloads/FIA-Drop_Copy\(FINAL\).pdf](http://www.futuresindustry.org/downloads/FIA-Drop_Copy(FINAL).pdf)
- Joined ISO/AT9000 Standards Working Group X9D Subcommittee which enables participation in the ISO/AT9000 project.
- Worked with both NYSE and CME on format and fee structure of their new market data license agreements through the MDLA working Group.

OTHER INITIATIVES

OTHER INITIATIVES *(continued)*

- Created Self Match Prevention (“SMP”) Working Group which worked closely with CME and ICE on the ongoing development of their SMP technology.
- Created Tax Talking Points Working Group to develop FIA PTG position and talking points on proposed tax reform legislation.
- Created Compliance Networking Group to facilitate open discussion and sharing of compliance issues facing FIA PTG member firms. Group has also created a SharePoint site which includes a library of articles and papers of interest to the group.
- Created CBOE Issues Working Group to facilitate open dialogue with the exchange on topics including various disaster recovery related issues as well as Series 24 registration requirements.
- Continued working with four largest futures exchanges to sponsor a Volatility Study which was published in August.
- Continued bi-weekly meetings with FIA PTG member firms to assist them in understanding CFTC rules related to swap dealer and floor trader registrations and Part 46 historical swap reporting requirements. Added bi-weekly meetings to discuss German HFT Law and its impact on US trading firms. Included Delta Strategy Group, outside counsel and representatives of the NFA, CME, ICE and Eurex as needed. Offering firms the opportunity to collaborate with their peers as well as industry experts proved very valuable and will continue in 2014.
- Transferred media contract to The Herald Group/Sobba Public.
- Created overview slide deck and narrative piece as well as “*What Others Are Saying about HFT*” document.

HIGHLIGHTS

ORGANIZATIONAL HIGHLIGHTS

- Added one and lost four Member Firms.
- Elected Officers, Executive Committee and Nominating Committee Members.
- Hosted 7 meetings of the group.

2014 TOP ISSUES

PROPOSED TOP ISSUES LIST - 2014

1. Expand presence in equities space including establishing FIA PTG as a resource for regulators, legislators, and media;
2. Fair access to centrally traded and cleared OTC markets;
3. Tax policies that impact PTG members;
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; and
 - c) The underlying causes of volatility in recent years.
5. Specific regulatory initiatives including:
 - a) Rules related to central trading of futures including DCM Core Principle 9, futures block sizes, and EFRPs (CFTC);
 - b) Wash sales rules (CFTC, SEC, and FINRA);
 - c) New regulation and oversight of HFT and/or automated trading systems (CFTC and SEC); and
 - d) Regulation SCI (SEC).