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Our partner Marilyn Selby Okoshi recently presented a two-hour webinar entitled *Strategies to Deal with the CFTC's Proposed New Regulations for Algorithmic Trading*. Ms. Okoshi was one of two panelists presenting the topic for The Knowledge Group.

In November 2015, the CFTC proposed regulations that would apply to traders who use algorithms in automated systems to make investment decisions or execute trades in commodity futures and swaps (“AT Persons”), designated contract markets (“DCM”) on which such algorithmic trading is effected, and futures commission merchants (“FCM”) accepting orders from AT Persons or providing “direct electronic access” to AT Persons. The proposed regulations would require certain proprietary traders who currently are not registered with the CFTC to register as Floor Traders and would impose specific compliance, monitoring, and reporting obligations on AT Persons, DCMs and FCMs with respect to the operation and development of algorithms for automated futures and swap trading. The proposal also would require AT Persons to keep records of the source code for their algorithms and make the source code available to the CFTC upon request. The CFTC’s proposed regulations target traders and intermediaries who are proprietary traders with direct electronic access to the markets, FCMs, commodity pool operators, commodity trading advisers, introducing brokers, floor brokers, swap dealers, and major swap participants. They also specify separate requirements for DCMs and clearing member FCMs with the goal of strengthening the overall market structure.

As a result of the questions and comments on the proposed regulations raised during the initial comment period, in June 2016, the CFTC reopened the comment period on the proposal and held a roundtable focused primarily on five substantive areas of the proposed regulations. In recent speeches at futures industry events, CFTC Chairman Timothy Massad indicated that supplemental proposals would be announced in the near future. He said that he supports eliminating the need to duplicate risk controls by AT Persons and FCMs and implied that tweaks to the registration and source code disclosure requirements would be forthcoming.

If you would like a copy of the slides from the webinar, please email Marilyn at [mokoshi@wbcsk.com](mailto:mokoshi@wbcsk.com).