



## 512 - Legislative Update: What's New in Financial Services & Futures

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## Faculty Biographies

### Jeffrey Lillien

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### Michael Nelson

Michael Nelson is counsel and vice president at the Federal Reserve Bank of New York, where he works on issues related to financial stability, capital markets, bank supervision, and corporate governance.

Mr. Nelson was previously vice president and senior counsel of Merrill Lynch & Co., Inc.

Mr. Nelson is a graduate of Harvard College and New York University School of Law.

### Elizabeth Ritter

Elizabeth L. Ritter is the deputy general counsel for legislative and intergovernmental affairs in the office of the general counsel at the United States Commodity Futures Trading Commission in Washington, DC. In that capacity, she is responsible for overseeing all legislative and intergovernmental initiatives that affect the mission of the agency, and interacting with other federal financial regulators and Congressional oversight committees to present the commission's views on complex and controversial issues.

Ms. Ritter holds adjunct professor positions, teaching federal securities and derivatives regulation, at the American University Washington School of Law, the Catholic University of America Columbus School of Law, and the George Washington University National Law Center. She has practices in the area of financial market regulation, and has written extensively on derivatives and securities market regulation.

## Legislative Update: What's New in Financial Services & Futures

*Panel: Michael Nelson (moderator), Elizabeth Ritter, Jeffrey Lillien*

### Outline of Discussion

#### I. Overview: Key Themes

- Potential monitoring and/or regulation of OTC energy products
- Subprime lending and products related to the housing market
- Hedge funds: monitoring, disclosure and best practices
- Globalization
- Product convergence
- Market liquidity and the orderly functioning of markets

#### II. Commodities Issues

##### A. *CFTC Reauthorization*

- How energy products are monitored and/or regulated
- Jurisdictional resolution with the SEC (securities futures)
- Retail foreign exchange issues
  - the Zelener case revisited

##### B. *Oil and Gas Traders Oversight Act*

- Monitoring of large positions
- Broader regulatory requirements

#### III. Cross-market Issues

##### A. *Initiatives to promote globalization and cooperation*

- "Mutual recognition" of exchanges
- Foreign boards of trade
- Sarbanes-Oxley implementation

##### B. *Portfolio margining*

- NYSE/CBOE rules
- Standards in the futures markets

IV. Banking and Securities IssuesA. *Subprime Lending Regulation*

- Proposed restrictions on predatory lending

B. *Government Sponsored Enterprises (Federal housing Finance Reform Act)*

- Enhanced oversight, financial disclosure and capital requirements
- Emerging emphasis: Fannie Mae and Freddie Mac as liquidity providers

C. *Hedge Fund Monitoring and Regulation*

- The Goldstein case and its legacy
- Legislative initiatives: Hedge Fund Regulation Act of 2007
  - President's Working Group: March 2007 guidelines
- Working within existing legislative framework: the use of anti-manipulation provisions of the Investment Advisers Act of 1940

D. *Municipal Securities*

- SEC white paper on disclosure

E. *Reform of fee-based practices:*

1. *Soft dollar reform*
2. *12b-1 fees*

V. Alternatives to Legislation: Industry Self-Discipline and Market Practices

- The role of industry self-discipline and market practices as a cornerstone of 'principles-based regulation'
- Historic examples: The Foreign Exchange Committee and market practices in the foreign exchange industry
- Current initiatives: Treasury Markets Best Practices and the TMPG
- Emerging initiatives: Hedge fund best practices