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COMMODITY MARKETS COUNCIL POLICY BRIEF: Index Fund Reporting

Result

CMC quickly mobilized its membership and within 18 months successfully petitioned the Commodity Futures Trading Commission (CFTC) to report index fund activity as part of the Commitments of Traders (COT) report.

CMC Action

Recognizing the growing presence of index funds in domestic futures markets, CMC drew on its members' expertise to launch an advocacy campaign to persuade the CFTC to report index fund activity as part of the COT report.

Key Advocacy Points

- With accurate information available to participants, futures markets will fairly and efficiently price all activity. **Improved market transparency** and clarity of available public information is **beneficial for all users** of futures markets.
- With the growing presence of index funds, there are two different types of hedgers using our futures markets. Different considerations motivate their behavior and activities, and each have a major impact on daily volume and open interest. This is a stark change from what existed historically and **calls for recognition in CFTC reports**.
- CMC is a strong supporter for index fund activity in the markets and recognizes this nontraditional activity as **"completely legitimate."**

Specific Activity

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| September 2005 | Submitted initial request that the CFTC segregate the COT report. |
| March 2006 | Held personal meetings with the CFTC Chairman Reuben Jeffery, III, and each of the CFTC commissioners to respond to any questions or issues and encourage them to amend the COT report.

Coordinated an industry letter signed by 32 supporting firms calling on the CFTC to immediately begin reporting index fund activity as part of the COT report. |
| August 2006 | CMC Futures Committee Chairman Dan Brophy presented CMC's position at the CFTC Ag Advisory Committee Meeting.

Filed formal comments responding to the CFTC's review of the COT report. |
| December 2006 | CFTC announced plans to publish an additional COT report which shows the aggregate futures and options positions of Noncommercial, Commercial and Index Traders in 12 agricultural commodities. |
| December 2007 | CMC Futures Committee Chairman Dan Brophy presents CMC's recommendations and comments regarding improvements for the COT report and other related issues. |