
NEW RISK IN ENERGY 2014:

ENERGY TRADING, RISK, AND THE POLICY THAT DRIVES IT

IF IT'S WORTH FIXING, IT'S WORTH FIXING IT RIGHT

Commissioner Scott D. O'Malia

U.S. Commodity Futures Trading Commission

April 7, 2014



McKinsey Global Institute















May 2013

Disruptive technologies:
Advances that will
transform life, business,
and the global economy



Exhibit E1

Twelve potentially economically disruptive technologies

	Mobile Internet	Increasingly inexpensive and capable mobile computing devices and Internet connectivity
	Automation of knowledge work	Intelligent software systems that can perform knowledge work tasks involving unstructured commands and subtle judgments
	The Internet of Things	Networks of low-cost sensors and actuators for data collection, monitoring, decision making, and process optimization
	Cloud technology	Use of computer hardware and software resources delivered over a network or the Internet, often as a service
	Advanced robotics	Increasingly capable robots with enhanced senses, dexterity, and intelligence used to automate tasks or augment humans
	Autonomous and near-autonomous vehicles	Vehicles that can navigate and operate with reduced or no human intervention
	Next-generation genomics	Fast, low-cost gene sequencing, advanced big data analytics, and synthetic biology ("writing" DNA)
	Energy storage	Devices or systems that store energy for later use, including batteries
	3D printing	Additive manufacturing techniques to create objects by printing layers of material based on digital models
	Advanced materials	Materials designed to have superior characteristics (e.g., strength, weight, conductivity) or functionality
	Advanced oil and gas exploration and recovery	Exploration and recovery techniques that make extraction of unconventional oil and gas economical
	Renewable energy	Generation of electricity from renewable sources with reduced harmful climate impact

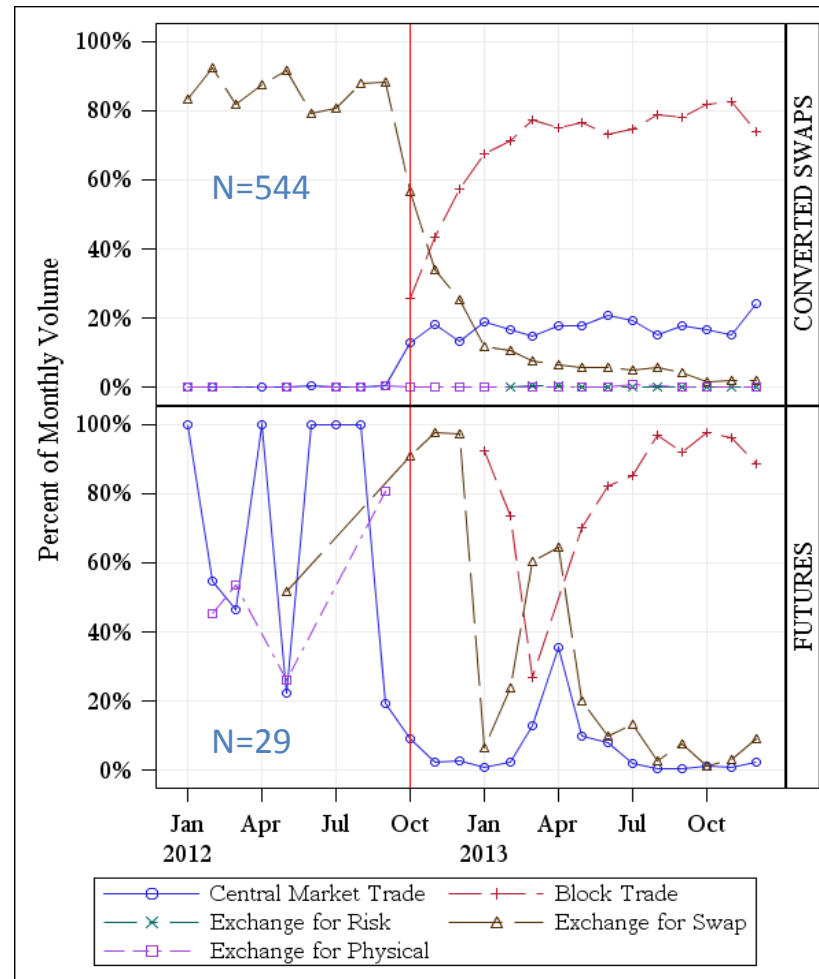
Commission

statutory without time
transactions commercial believe firms
comment MF technology develop
SEFs rulemakings now set clear
costs standards markets
trade definition final
including regulators made guidance like
customer hedging must market derivatives
working meeting U.S. Global
time Commission's
oversight today margin section end
staff also position participants
Congress Rule regarding dealer swaps
order requirements issues CEA
regulations swap
Guidance million price risk today SEF
one proposal regulatory
impact funds capital regulatory
Committee authority provide proposed
cost-benefit transparency financial appropriate First
support CFTC relief analysis policy
regarding proposed new
make rule work well public end-users
rule forward take business
staff Chairman energy make
futures trading need
two TAC entities Swap may
rules data limits
important process Act industry
Dodd-Frank example foreign
including use reporting whether
significant comments first
analysis implementation
concerns compliance certain



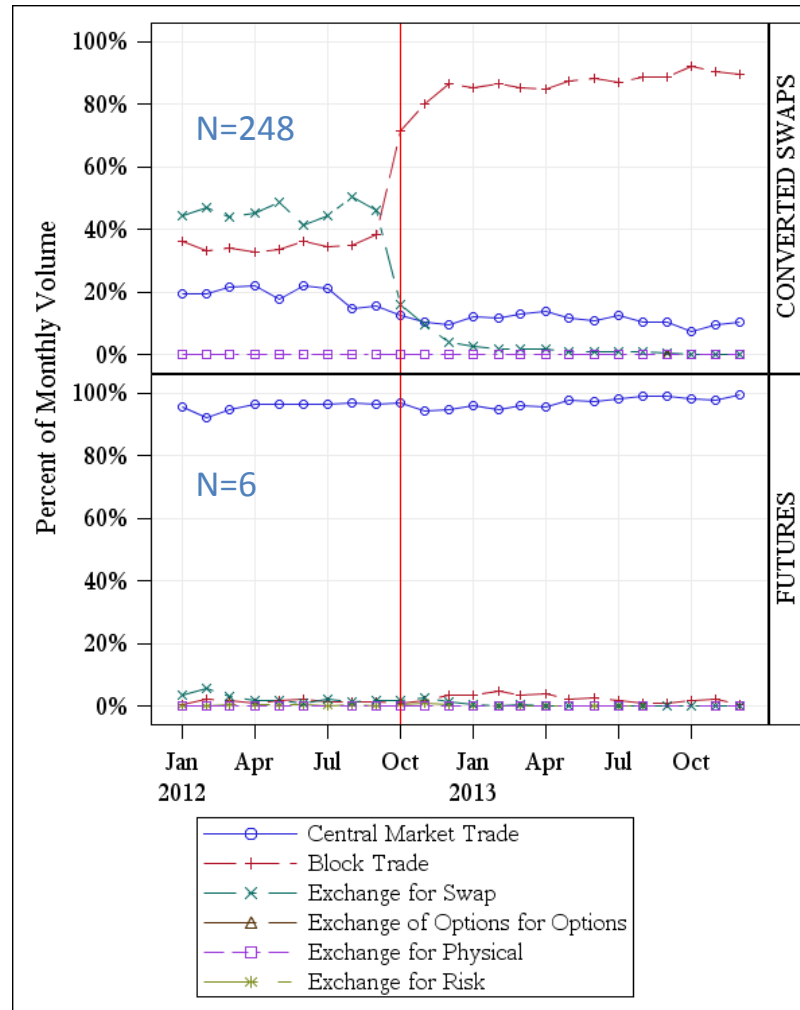
Percentage of Monthly Volume by Transaction Type

Low Volume Energy Contracts (0 ≤ ADV < 200)



Percentage of Monthly Volume by Transaction Type

Medium Volume Energy Contracts (200 <= ADV < 100,000)



Percentage of Monthly Volume by Transaction Type

High Volume Energy Contracts (ADV <= 100,000)

