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**HEADLINE:** Politics & Economics: Regulators Vow Cooperation --- Pact Between SEC, CFTC Seeks to End Market Turf Wars

**BYLINE:** By Judith Burns

**BODY:**

WASHINGTON -- U.S. regulators agreed to closer cooperation between the Securities and Exchange Commission and the Commodity Futures Trading Commission.

SEC Chairman Christopher Cox and acting CFTC Chairman Walter Lukken, in signing the agreement yesterday at the SEC's headquarters, said it reflects a desire to put aside turf wars and take a unified approach to market regulation.

A framework for sharing information, including on enforcement cases, is part of the accord. It also establishes principles for reviewing new products that permit a product to trade either as a commodity future or as a security, or both.

Regulators said the agreement is intended to bring more legal certainty to novel products, which can get bogged down in lengthy debates about whether such instruments are securities, which are regulated by the SEC, or commodity futures, which are overseen by the CFTC.

"The goal is to get these new products to market quickly," Mr. Lukken said after the signing ceremony.

To that end, the SEC and CFTC will seek public comment on applications to trade options and single-stock futures on the StreetTRACKS Gold Trust shares, an exchange-traded fund that tracks the gold price, and on clearance and settlement of such products.

"Keeping up with innovation demands nothing less than a unified approach," said Mr. Cox.

In addition to addressing new-product approvals, the agreement calls for a permanent regulatory liaison between the two agencies, formal quarterly meetings of its staff, and ongoing consultation on matters including industry mergers

and enforcement investigations.

Mr. Cox said the cooperation agreement reflects a desire to avoid "counterproductive turf wars" between the two agencies. Mr. Lukken acknowledged "we're different regulators," with different approaches but "have many common regulatory interests." Differences are evident in the way each agency treats applications to trade new products. The CFTC's approach allows new products to be introduced quickly unless the agency's regulators step in, while the SEC staff routinely reviews each application, a process critics view as a bureaucratic roadblock.

Russ Wasendorf Sr., chairman and chief executive officer of PFG Best, a Chicago futures brokerage, said the differences are evident in areas where the SEC and CFTC overlap, such as trading of single-stock futures. While such products are the fastest-growing part of the global-derivatives business, they have been slow to take off in the U.S.

"There should be a recognition of parity, at least parity, between the agencies," Mr. Wasendorf said.

Former CFTC Director Michael Gorham, now director of the IIT Stuart Center for Financial Markets at the Illinois Institute of Technology in Chicago, said the agencies' relationship has been "a little bit icy" in areas where the two butted heads, including on single-stock futures.

The accord comes as the Treasury Department is considering an overhaul of financial-market regulation. One idea would be to merge the SEC and CFTC, creating a single regulator for securities and commodity futures, including financial futures.

SEC and CFTC officials said they haven't seen Treasury's proposal, expected to be issued this spring.

Mr. Cox said the cooperation agreement is something the agencies are doing on their own, under existing authority, and he had discussed it with Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke.

"It just institutionalizes what we're already doing," said Mr. Lukken.

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Doug Cameron contributed to this article.

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