

MF Global collapse, questions remain in aftermath

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Sen. Chuck Grassley of Iowa today made the following comment on the aftermath of MF Global's collapse. Grassley is a senior member of the Agriculture Committee.

"This week marked the one-year anniversary of MF Global's filing for bankruptcy protection. While I'm pleased many people have received a large share of their money back from this fiasco, we still need to know more about what happened. This is not a case of 'all's well that ends well.' Even if farmers and investors ultimately get a substantial amount of their money back through the bankruptcy process, what if they end up losing millions of dollars? What about the shaken confidence in our regulators and the commodity trading system in general? And what about the next time? To date, there have been no announcements of criminal prosecutions and no clear explanation of how and why MF Global lost customer money that was supposed to be segregated.

"Now, the Commodity Futures Trading Commission is issuing proposed regulations in response to the MF Global and Peregrine Financial collapses. More regulation isn't going to ease farmers and investors' concerns. We don't even know what exactly happened at MF Global, so how can we be sure new regulations will help? What ultimately would bring confidence back to those who participate in the futures market is knowing the regulators conducted a real analysis of what went wrong at MF Global, then found and implemented the best solution for preventing these incidents and prosecuted responsible parties if necessary. Solutions might be better enforcement of existing regulations or targeted new regulations. But proposing new regulations without a clear understanding of what went wrong puts the cart before the horse. It doesn't restore the confidence that's been disrupted."