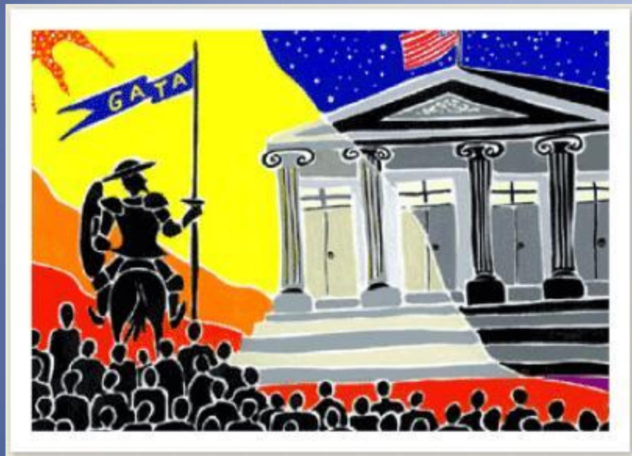

GATA Documentation

Chris Powell, Secretary/Treasurer
Gold Anti-Trust Action Committee Inc.

− Press releases
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PRESS RELEASE

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19 May 2014 - ECB and other central banks announce the fourth Central Bank Gold Agreement

The European Central Bank, the Nationale Bank van België/Banque Nationale de Belgique, the Deutsche Bundesbank, Eesti Pank, the Central Bank of Ireland, the Bank of Greece, the Banco de España, the Banque de France, the Banca d'Italia, the Central Bank of Cyprus, Latvijas Banka, the Banque centrale du Luxembourg, the Central Bank of Malta, De Nederlandsche Bank, the Oesterreichische Nationalbank, the Banco de Portugal, Banka Slovenije, Národná banka Slovenska, Suomen Pankki – Finlands Bank, Sveriges Riksbank and the Swiss National Bank today announce the fourth Central Bank Gold Agreement (CBGA).

In the interest of clarifying their intentions with respect to their gold holdings, the signatories of the fourth CBGA issue the following statement:

- Gold remains an important element of global monetary reserves;
- The signatories will continue to coordinate their gold transactions so as to avoid market disturbances;
- The signatories note that, currently, they do not have any plans to sell significant amounts of gold;
- This agreement, which applies as of 27 September 2014, following the expiry of the current agreement, will be reviewed after five years.

Media enquiries should be addressed to Wiktor Krzyżanowski on +49 69 1344 5755.

European Central Bank

Directorate General Communications and Language Services
Kaiserstrasse 29, D-60311 Frankfurt am Main
Tel.: +49 69 1344 7455
email: info@ecb.europa.eu | website: http://www.ecb.europa.eu | → Media contacts

BIS Annual Report for 2013


BANK FOR INTERNATIONAL SETTLEMENTS

83rd Annual Report

1 April 2012–31 March 2013

Basel, 23 June 2013


BANK FOR INTERNATIONAL SETTLEMENTS
The Bank for International Settlements:
An introduction
Jean-François Rigaudy
Head of Treasury
BANK FOR INTERNATIONAL SETTLEMENTS
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FIXBIS (up to 1 year)
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BANK FOR INTERNATIONAL SETTLEMENTS

BIS Papers
No 27

Past and future of central bank cooperation: policy panel discussion

Fourth BIS Annual Conference, 27-29 June 2005 - celebrating 75 years of the Bank for International Settlements, 1930-2005

Monetary and Economic Department

February 2006

April 29, 1997

TO: Members of the Board

FROM: Ted Truman EMT

Subject: Gold and Foreign Exchange Market Discussion on the Gold Market

RESTRICTED-CONTROLLED

Attached for your information is a copy of notes by Dino Kos (FRBNY) on the discussion of the gold market at the meeting of the Gold and Foreign Exchange Committee of the G-10 Governors a the BIS on April 7.

The discussion anticipated the preparation of a paper by the BIS staff as background for a discussion of the issue of official gold sales by the G-10 Governors in July.

Attachment

cc: Messrs. Kohn and Prell

The Federal Reserve Board

Testimony of Chairman Alan Greenspan

The regulation of OTC derivatives

Before the Committee on Banking and Financial Services, U.S. House of Representatives

July 24, 1998

I am pleased to be here today to present the Federal Reserve Board's views on the regulation of over-the-counter (OTC) derivatives. Under Secretary Hawke has already addressed the specific questions raised in your letter of invitation. The Board generally agrees with the Treasury Department's views on these issues. In particular, the Board supports a standstill of attempts by the Commodity Futures Trading Commission (CFTC) to impose new regulations on OTC derivatives as a minimalist approach to our longstanding concerns about CFTC assertions of authority in this area.[1] In my testimony I shall step back from these issues of immediate concern and address the fundamental underlying issue, that is, whether it is appropriate to apply the Commodity Exchange Act (CEA) to over-the-counter derivatives (and, indeed, to financial derivatives generally) in order to achieve the CEA's objectives--deterring market manipulation and protecting investors.

The CEA and Its Objectives

The Commodity Exchange Act of 1936 and its predecessor the Grain Futures Act of 1922 were a response to the perceived problems of manipulation of grain markets that were particularly evident in the latter part of the nineteenth and early part of the twentieth centuries. For example, endeavors to corner markets in wheat, while rarely successful, often led to temporary, but sharp, increases in prices that engendered very large losses to those short sellers of futures contracts who had no alternative but to buy and deliver grain under their contractual obligations. Because quantities of grain following a harvest are generally known and limited, it is possible, at least in principle, to corner a market.

It is not possible to corner a market for financial futures where the underlying asset or its equivalent is in essentially unlimited supply. Financial derivative contracts are fundamentally different from agricultural futures owing to the nature of the underlying asset from which the derivative contract is "derived." Supplies of foreign exchange, government securities, and certain other financial instruments are being continuously replenished, and large inventories held throughout the world are immediately available to be offered in markets if traders endeavor to create an artificial shortage. Thus, unlike commodities whose supply is limited to a particular growing season and finite carryover, the markets for financial instruments and their derivatives are deep and, as a

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IMMEDIATE ATTENTION

MASTER FILES
ROOM HQ C-525 0450

SM/99/65

March 10, 1999

To: Members of the Executive Board

From: The Secretary

Subject: **Second Review of the Special Data Dissemination Standard—Further Considerations**

Attached for consideration by the Executive Directors is a paper on further considerations relating to the second review of the Special Data Dissemination Standard, which is tentatively scheduled for discussion on Tuesday, March 23, 1999. Issues for discussion appear on pages 12 and 13.

It is intended to release this document to the Bank for International Settlements (BIS), the Organization for Economic Cooperation and Development (OECD), the African Development Bank (AfDB), the Asian Development Bank (AsDB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IDB) on the same basis as the proposal set forth in EBD/99/37 (3/1/99), which was approved by the Executive Board on March 3, 1999. The letter of transmittal to these organizations will state that the document has not yet been considered by the Executive Board and, as such, represents only the views of IMF staff and management.

In view of the generally expressed desire to improve communication with national statistical offices on matters related to data dissemination standards, this report will also be transmitted

Managing Gold as a Central Bank

Alexandre Gautier

Director of Market Operations Department, Banque de France

I. Preamble

Thank you. I showed you my American passport because it may sound obvious that I am American when you hear my accent.

II. Introduction

Thank you very much. I will try to focus on two main points. The first one is to elaborate slightly on why we decided to sell gold and the second one is how we consider gold today.

III. Gold and Banque de France Asset Allocation

1. A Changing Environment Long Before the Crisis

An important point from a Banque de France and probably Eurosystem perspective is to be really aware that we have been in a changing environment for many, many years and I would just like to focus on a few points:

- Due to the Eurosystem, the European Central Bank has its own FX reserves. This means that in case of intervention we will first use ECB reserves and then the FX reserves of the national central banks. This is why we do not have the same liquidity constraint, so it was also an important evolution.
- Under pressure from the public and shareholders, we have to move in a more efficient way to manage the Bank and a way to do this is to reduce cost, but another way is to increase income.
- Due to the functioning of the Eurosystem, we have regular meetings of national central banks where we discuss many topics in market operations and, of course, financial instruments. When you want to introduce, for example, futures or options, you will probably find another central bank within the Eurosystem that already has this instrument among their available financial instruments. Therefore, it helps you to implement new

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

KEVIN M. WARSH
MEMBER OF THE BOARD

September 17, 2009

Mr. William J. Olson
William J. Olson, P.C.
370 Maple Avenue West
Suite 4
Vienna, VA 22180-5615

Dear Mr. Olson:

This is in response to your letter dated and received by the Board's Freedom of Information office on August 20, 2009, in which you appeal, on behalf of the Gold Anti-Trust Action Committee ("GATA"), pursuant to 12 CFR 261.13(i), the determination of the Secretary of the Board ("Secretary") on your request under the Freedom of Information Act ("the Act" or "FOIA"), 5 U.S.C. § 552. By letter dated April 14, 2009, you requested documents from January 1, 1990, to the date of your letter, "relating to, explaining, denying or otherwise mentioning: 'gold swap'; 'gold swaps'; 'gold swapped'; 'proposed gold swap'; 'proposed gold swaps'; or 'proposed gold swapped', either involving the United States of America, or any department, agency or agent thereof, or not involving the United States of America." Your request also includes eighteen other categories of documents, generally relating to gold swaps, including numerous documents from the Department of the Treasury ("Treasury") as well as documents relating to your near-identical FOIA request regarding gold swaps from December 6, 2007.[1]

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[1] Among other things, the eighteen other categories of documents requested

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- International
  - The Committee on Foreign Investment in the United States (CFIUS)
  - **Exchange Stabilization Fund**
  - G-7 and G-20
  - International Monetary Fund
  - Multilateral Development Banks
  - Semiannual Report on International Economic and Exchange Rate Policies
  - Standards and Codes
- Small Business Programs
- Tax Policy

Resource Center

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Exchange Stabilization Fund

Introduction

The Exchange Stabilization Fund (ESF) consists of three types of assets: U.S. dollars, foreign currencies, and Special Drawing Rights (SDRs), which is an international reserve asset created by the International Monetary Fund. The financial statement of the ESF can be accessed at "Reports" or "Finances and Operations."

The ESF can be used to purchase or sell foreign currencies, to hold U.S. foreign exchange and Special Drawing Rights (SDR) assets, and to provide financing to foreign governments. All operations of the ESF require the explicit authorization of the Secretary of the Treasury ("the Secretary").

The Secretary is responsible for the formulation and implementation of U.S. international monetary and financial policy, including exchange market intervention policy. The ESF helps the Secretary to carry out these responsibilities. By law, the Secretary has considerable discretion in the use of ESF resources.

The legal basis of the ESF is the Gold Reserve Act of 1934. As amended in the late 1970s, the Act provides in part that "the Department of the Treasury has a stabilization fund …Consistent with the obligations of the Government in the International Monetary Fund (IMF) on orderly exchange arrangements and an orderly system of exchange rates, the Secretary …, with the approval of the President, may deal in gold, foreign exchange, and other instruments of credit and securities.

BANK OF ENGLAND

Mr James Bern
Via email to:
james.j.bern@gmail.com

Public Information and Enquiries Group
Public Communications and Information Division
T 020 7601 4878
F 020 7601 5460
enquiries@bankofengland.co.uk

24 October 2011

Please quote ref. FF 25898 on all correspondence

Dear Mr Bern

Thank you for your further email dated 26 September in reply to Wendy Galvin's response of 23 September. You requested the following information under the Freedom of Information Act 2000 ('FoI Act'):

'1. *...the amount of fine ounces of gold held on behalf of the UK government excluding gold swapped or on loan?';*
'2. *...a response to questions 2 and 3'* of your email of 5 September, even though the Bank '*may not be required to....as it may be "the provision of private banking services and related serves"';*
'3. *...how you interpret the phrase "private banking services" in the act'.*

In relation to question 1, insofar as the Bank, in its capacity as Agent for HMT, holds any information relevant to your request, this is exempt from disclosure under section 29(1)(b) of the FoI Act on the grounds that disclosure of such information would be likely to prejudice the UK Government's financial interests. Section 29(1)(b) is subject to a public interest assessment, and whilst we recognise that there is a public interest in releasing information relating to the UK's reserves, we consider that there is a significant public interest in maintaining the exemption, having regard in particular to the potential market sensitive nature of the information in question and its continuing relevance to decisions regarding the management of the UK's reserves. To illustrate that point, the Bank publishes the amount of gold held in the EEA including gold swapped / on loan, but does not publish a figure *excluding* gold swapped / on loan. If we were to reveal how much gold has been swapped or is on loan on any given day in response to requests such as this, then that would allow enquirers to find out what gold transactions have been taking place. Release of this potentially market sensitive information day by day could be detrimental to the Government's financial interests. Having regard to (among other things) the extent to which information on the UK's reserves including gold is already publicly available, we consider that the public interest in maintaining the exemption outweighs that in disclosing the information.

Nevertheless, in the interests of transparency, HMT's EEA Accounts provide some details of gold trades undertaken during the course of the EEA's financial year (see note 10 on page 31 of the report at

CME Group

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

January 29, 2014

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

RE: Modifications to Central Bank Incentive Program
CME/CBOT/NYMEX/COMEX Submission No. 14-038

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME"), the Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX"), and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") of modifications to the incentive program for Central Banks ("Program"). The modifications to the Program will become effective on February 13, 2014.

Exhibit 1 sets forth the terms of the Program. The modifications appear below with additions underscored and deletions ~~overstruck~~.

The Exchanges' reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, the Exchanges' staff identified the following Core Principles as potentially being impacted; Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants and Compliance with Rules and Record Keeping.

The Program's incentive structure does not impact the Exchanges' ability to perform their trade practice and market surveillance obligations under the CEA. The Exchanges' market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. The incentives in the proposed Program do not impact the Exchanges' order execution. Participants in the Program will be selected by the Exchanges' staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchanges' rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules. The Program is subject to the Exchanges' record retention policies which comply with the CEA.

CME, CBOT, NYMEX, and COMEX certify that the Program and modifications comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2013

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-31553

CME GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	36-4459170
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
20 South Wacker Drive, Chicago, Illinois	60606
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (312) 930-1000

Securities registered pursuant to Section 12(b) of the Act:

Title Of Each Class	Name Of Each Exchange On Which Registered
Class A Common Stock $0.01 par value	NASDAQ GLOBAL SELECT MARKET

CME Group

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

August 28, 2014

VIA ELECTRONIC PORTAL

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: CFTC Regulation 40.6(a) Certification. Adoption of Rule 575 ("Disruptive Practices Prohibited") and Issuance of CME Group Market Regulation Advisory Notice RA1405-5.
CME Submission No. 14-367 (1 of 4)

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX) (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") that they will be adopting new Rule 575 ("Disruptive Practices Prohibited") effective on September 15, 2014. Concurrent with the adoption of the new Rule, the Exchanges will also adopt CME Group Market Regulation Advisory Notice RA1405-5 ("RA1405-5") that provides the text of new Rule 575 and provides additional regulatory guidance on various types of prohibited disruptive order entry and trading practices which the Exchanges find to be abusive to the orderly conduct of trading or the fair execution of transactions. RA1405-5 will be disseminated to the marketplace on Friday, August 29, 2014.

Among other disruptive practices, Rule 575 prohibits certain of the disruptive practices added to Section 4c(a) of the Commodity Exchange Act ("Act") as subparagraph (5) by Section 747 of the Dodd-Frank Act. Specifically, Rule 575 prohibits the type of activity identified by the Commission as "spoofing," "quote stuffing practices" and the disorderly execution of transactions during the closing period. In addition to a Question and Answer section, RA1405-5 also provides a non-exhaustive list of examples considered by the Exchanges to be disruptive and in violation of Rule 575. These examples cover a wide range of conduct and are intended to ensure that market participants have detailed information attendant to the breadth of the new Rule and conduct that is expressly prohibited by the Rule. RA1405-5 also clarifies that other disruptive practices not covered by Rule 575 may continue to be prosecuted under other rules

NBER WORKING PAPER SERIES

GIBSON'S PARADOX AND THE GOLD STANDARD

Robert B. Barsky

Lawrence H. Summers

Working Paper No. 1680

NATIONAL BUREAU OF ECONOMIC RESEARCH
1050 Massachusetts Avenue
Cambridge, MA 02138
August 1985

US embassy cable - 09BEIJING1134

MEDIA REACTION: U.S.-CHINA-JAPAN RELATIONS, U.S. POLICY, CHINA'S GOLD RESERVES

Identifier:	09BEIJING1134
Wikileaks:	View 09BEIJING1134 at Wikileaks.org
Origin:	Embassy Beijing
Created:	2009-04-28 08:23:00
Classification:	UNCLASSIFIED
Tags:	OPRC KMDR CH PREL ECON
Redacted:	This cable was not redacted by Wikileaks.

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HQ PACOM FOR PUBLIC DIPLOMACY ADVISOR (J007)
SIPDIS

E.O. 12958:  N/A
TAGS: OPRC, KMDR, CH, PREL, ECON

SUBJECT: MEDIA REACTION: U.S.-CHINA-JAPAN RELATIONS, U.S. POLICY,
CHINA'S GOLD RESERVES

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  Editorial Quotes
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1. U.S.-CHINA-JAPAN RELATIONS

"China and Japan should alleviate the U.S. influence in their
countries' future development"

The official Communist Party international news publication Global
Times (Huanqiu Shibao)(04/28): "The Japanese Prime Minister will
visit China soon. This brings attention to the development of the
bilateral relationship between the two countries. The two countries
have both developed independently. China is gradually moving past
the 'American conceptual restrictions' that exist in the country,
especially after the results of the financial crisis.  China's
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US embassy cable - 10BEIJING327

MEDIA REACTION: DALAI LAMA, U.S.-CHINA TRADE RELATIONS

Identifier:	10BEIJING327
Wikileaks:	View 10BEIJING327 at Wikileaks.org
Origin:	Embassy Beijing
Created:	2010-02-08 08:13:00
Classification:	UNCLASSIFIED
Tags:	PREL ECON SENV KGHG KMDR OPRC CH
Redacted:	This cable was not redacted by Wikileaks.

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R 080813Z FEB 10
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC 8004
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SIPDIS

E.O. 12958:  N/A
TAGS: PREL, ECON, SENV, KGHG, KMDR, OPRC, CH

SUBJECT: MEDIA REACTION: DALAI LAMA, U.S.-CHINA TRADE RELATIONS

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  Editorial Quotes
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1. DALAI LAMA

"China's Foreign Ministry spokesperson remarks on planned
Obama-Dalai meeting"

The official Communist Party People's Daily (Renmin Ribao)
(02/06)(pg 3): "Chinese Foreign Ministry Spokesperson Ma Zhaoxu
said, 'China resolutely opposes the visit by the Dalai Lama to the
United States, and resolutely opposes U.S. leaders having contact
with the Dalai Lama.'  Ma continued to note that such a position [by
China] is 'constant and clear.' During President Obama's November
visit to China, Chinese leaders had elaborated on such a stance.  We
urge the U.S. to realize the high sensitivity of Tibet-related
issues, to seriously treat China's stance and concern, to not permit
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FOREIGN RELATIONS OF THE UNITED STATES, 1973–1976
VOLUME XXXI, FOREIGN ECONOMIC POLICY, DOCUMENT 63

63. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting [1]

Washington, April 25, 1974, 3:13–4:16 p.m.

[Omitted here is discussion unrelated to international monetary policy.]

Secretary Kissinger: Now we've got Enders, Lord and Hartman. They'll speak separately or together. (Laughter.)

Mr. Hartman: A trio.

Mr. Lord: I can exhaust my knowledge of gold fairly quickly, I think.

Secretary Kissinger: Now, I had one deal with Shultz—never to discuss gold at this staff meeting—because his estimate of what would appear in the newspapers from staff meetings is about the same as mine.

Are you going to discuss something—is this now in the public discussion, what we're discussing here?

Mr. Enders: It's been very close to it. It's been in the newspapers now—the EC proposal. [2]

Secretary Kissinger: On what—revaluing their gold?

3506

CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

June 3, 1975

~~STRICTLY CONFIDENTIAL~~ (FR)

MEMORANDUM FOR THE PRESIDENT

FROM: Arthur F. Burns AFB

In preparing for the June 10-11 meeting of the International Monetary Fund's Interim Committee, the Treasury and Federal Reserve have agreed on all aspects of a U.S. position except for one point. But that one point is of fundamental importance. The manner in which it is resolved may well determine the shape of the world's monetary arrangements, and therefore affect our economic and political interests over the next generation.

The broad question at issue is whether central banks and governments should be free to buy gold, from one another or from the private market, at market-related prices. (Market prices have recently been in the range of \$160 to \$175 per ounce; the official price is \$42.22 per ounce.) The Treasury is willing to accept a large measure of freedom for such transactions. The Federal Reserve is opposed.

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Document 61

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Foreign Economic Policy

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FOREIGN RELATIONS OF THE UNITED STATES, 1973–1976
VOLUME XXXI, FOREIGN ECONOMIC POLICY, DOCUMENT 61

61. Note From the Deputy Assistant Secretary of State for International Finance and Development (Weintraub) to the Under Secretary of the Treasury for Monetary Affairs (Volcker)[1]

Washington, March 6, 1974.

Paul:

This is a paper which we prepared for Secretary Kissinger giving some of our views on the gold question. We discussed it at a meeting for his background,[2] without attempting to reach any conclusions. We would appreciate any reactions you have to the paper. The Secretary said he would most appreciate meeting with you and anybody else you wish to designate in about two weeks to talk out the issue and what might be done, using a revised options paper for this purpose.

One option that is not included in the paper, but which should be for various reasons, is how to deal with thwarting the Europeans if they were to go ahead without us in a way which we felt was inimical to our interests.

Sid

Attachment[3] GOLD AND THE MONETARY SYSTEM:POTENTIAL U.S.–EC CONFLICT

U.S. Foreign Exchange Operations: Needs and Methods

Introduction

The current international position of the United States clearly demonstrates the advantages that would exist if the United States had at its disposal the resources and techniques for undertaking foreign exchange operations as a permanent feature of public policy. The present international financial structure, characterized by convertibility of the major currencies, relatively free short-term capital markets, and the existence of large dollar holdings by foreigners (both public and private), has greatly enhanced the possibility of large recurring movements of capital out of and into the United States. Such movements of short-term capital, as the Federal Reserve System has learned from its experience of the past year, can greatly complicate the execution of an appropriate domestic monetary policy. Similar problems have been faced by monetary authorities abroad, in both the recent period and in earlier years. Solutions to problems relating to shifts in capital flows and their impact on national balances of payments, together with the relationship of such international flows to domestic monetary policies are perhaps best approached through joint action by central banks. It is no accident that individual European

THE WALL STREET JOURNAL. OPINION

TOP STORIES IN OPINION

1 of 12 Ebola Political Contagion

2 of 12 What If Republicans Win?

3 of 12 VA Reforms—More Hurry Up and Wait

Th Pa

OPINION

The 'Financial Repression' Trap

In capitals world-wide, policy makers deliberately obscure market prices and prevent informed judgments.

Email Print 28 Comments A A

By KEVIN WARSH

December 6, 2011

Financial markets are in a precarious place, with European banks and sovereign balance sheets in the cross-hairs. Bank regulators are becoming increasingly aggressive, and euro-zone borrowing costs are rising as the debts of years past are coming due.

In this environment, policy makers are finding their authority, credibility and firepower being tested. In turn, they are finding it tempting to pursue "financial repression" —suppressing market prices that they don't like. But this is bad policy, not least because it signals diminished faith in the market economy itself.

Markets are not always efficient, but the market-clearing prices for stocks, bonds, currencies and other assets (like housing) are critical to informing judgments, in good times and bad. Market-determined asset prices often reveal inconvenient truths. But the sooner the truth is revealed, the sooner judgments can be rendered and action taken.

By contrast, government-induced prices send false signals to users and providers of capital. This upsets economic activity and harms market functioning. Markets that rely on governmental participation will turn out to be less enduring indicators of value.

In environments of financial repression, businesses are keener to retrench than recommit their time, energy and capital to new projects. Trillions of dollars of private capital remains on the sidelines. And the private-sector engine that drives prosperity sputters.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 11, 2011

By certified mail – return receipt requested

William J. Olson
John S. Miles
370 Maple Avenue West, Suite 4
Vienna, VA 22180-5615

Re: Gold Antitrust Action Committee v. Board of Governors, No. 09-2436

Dear Messrs. Olson and Miles:

Pursuant to the Stipulation of Settlement of Attorneys' Fees and Costs filed in the above-captioned case, please find a check made out to your client in the amount of $2870. Thank you for your cooperation in this matter.

Sincerely,

Katherine H. Wheatley

Katherine H. Wheatley
Associate General Counsel

Board of Governors of the
Federal Reserve System
Washington, DC 20551

10-MAY-11

207565

68-3/510

$ ******2,870.00

PAY Two Thousand Eight Hundred Seventy Dollars And 00 Cents************

Federal Reserve Bank of Richmond
Richmond, VA

TO THE FOLLOWING
GOLD ANTI-TRUST ACTION COMMITTEE
7 VILLA LOUISA ROAD
MANCHESTER, CT 06043-7541

Craig J Delaney
Authorized Signature

0000207565 051000033 220400010

For More Information

www.GATA.org

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Thank you