

Derivatives Law and Regulation

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SECOND EDITION

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CAROLINA ACADEMIC PRESS
Durham, North Carolina

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ISBN 978-1-5310-0415-6
e-ISBN 978-1-53100-416-3

LCCN 2018933298

Carolina Academic Press, LLC
700 Kent Street
Durham, North Carolina 27701
Telephone (919) 489-7486
Fax (919) 493-5668
www.cap-press.com

Printed in the United States of America

*To Maria Christine Kalbaugh
for teaching me to love the written word*

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Preface to the Second Edition

Derivatives Law and Regulation was first published in 2014. Since then, the Commodity Futures Trading Commission has finalized most of the swaps regulatory framework required by the Dodd-Frank Act and a meaningful corpus of swaps regulatory caselaw has developed. Both of these occurrences are reflected in substantial updates to chapters 7 through 10.

Whereas, in 2014 the Securities and Exchange Commission's regulatory regime for security-based swaps had not begun to take shape, many of the rules are now finalized. A new chapter, chapter 16, has been added. It exclusively focuses on the regulatory framework for security-based swaps.

Had the author heeded his students' recommendation to buy virtual currency in 2011, this edition may not have been written. Due to the rapid growth of virtual currency markets, chapter 12 now includes a section on virtual currency, along with new sections on retail foreign exchange dealers and leverage transaction merchants.

Major legal developments have impacted nearly every facet of derivatives law, spanning from bankruptcy to enforcement to the extent to which commodities and securities laws have extraterritorial effect. These developments have been faithfully included.

Once more, the author is indebted to the generosity and friendship of Richard A. Miller. He has been the recipient of a collection of Richard's materials that Richard carefully accumulated and curated during the decades of his influential derivatives law practice. Many are no longer available through ordinary channels. Their availability has been a boon to the author.

Gratitude is also due to Rita M. Molesworth with whom the author has the pleasure of teaching a class at Columbia Law School. Rita's input and comments on chapter 6 have proven invaluable. Dennis A. Klejna was generous enough to comment on much of the book and Professor Lawrence A. Baxter kindly provided helpful general comments.

In the first edition of *Derivatives Law and Regulation*, the author thanked his wife, Kristin P. Kalbaugh, for her support, especially through the birth of their son. The author now has four children and, to be able to accomplish this edition in such a busy environment, testifies to Kristin's sacrifices, capabilities, and grace.

Preface to the First Edition

In keeping with common practice in the field of derivatives law, all references herein to the Commodity Exchange Act are to the named statute, not to the United States Code. The sole exception is for cases and materials which cite to the United States Code. These citations have been retained. For the reader's convenience, a Commodity Exchange Act to United States Code conversion table is appended.

Throughout, some footnotes and citations have been omitted from cases and materials.

Part of the regulatory framework for derivatives is the regulation of security-based swaps by the Securities and Exchange Commission. Though the jurisdiction of the Securities and Exchange Commission over these products is discussed in Chapter 3, at the time of writing the implementation of this regulatory framework by the SEC had still not occurred and, therefore, it is not otherwise covered herein.

Though there are many rewards for writing this book (thanking those who contributed to its production is just one), my friendship with Richard A. Miller counts foremost among them. Richard, both through his establishment of the Futures and Derivatives Law Report and his continuing encouragement and contributions to the derivatives bar, has selflessly inspired and driven the academic study of derivatives law like no other practitioner.

Richard offered his insight into every chapter, dedicating innumerable weekends to reviewing manuscript chapters (as he termed it "Coffee with Kalbaugh"). His influence on this work through both his detailed comments on drafts and the intellectual companionship he provided cannot be overstated. The author offers his warmest gratitude to Richard, without whom this work would not be possible.

The research and comments of Ariel Hazzard were superb. The foreign exchange chapter simply would not have come into being without the research and insight of Alexander F. L. Sand. Kristen Palermo has been an asset with every facet of the production of this work.

The author would also like to thank Professor Amy R. Stein for her efforts to teach him how to teach the law, Frederic M. Mauhs for his early encouragement and Marcy S. Cohen for her ongoing enthusiastic support. The chapter on manipulation owes a great debt to David Yeres. William T. Bagley and Robert G. Pickel, in addition to being preeminent contributors to the field of derivatives law in their own right, each showed great generosity with their time in relation to this book.

Thanks are also due to the author's parents, G. Edward Kalbaugh and Maria Christine Kalbaugh for their understanding and encouragement.

For well more than a year the author's wife, Kristin Kalbaugh, has patiently supported this project, even through the birth of their son. It has tested the boundaries of tolerance and the author thanks Kristin for being such a supremely dedicated spouse and mother.

Acknowledgments

The author wishes to thank the following who kindly granted permission to reprint excerpts from the following materials:

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