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JLN

John Lothian Newsletter

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February 29, 2016

"Irreverent, but never irrelevant"



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Protecting Market Principles

Don Wilson, Guest Editor

It's been a long time since I've had a first day on the job. [DRW](#), the firm I founded while trading Eurodollar options at the [CME](#), turns 25 next year. But I gladly took the offer to join JLN as a guest editor, and I'm excited to see what the week will bring—you never know when the news editor will become the newsmaker.

We talk a lot about how things have changed over the years, reminiscing about the open outcry trading of the pits and opining about new technologies. As in all industries, we're doing things faster and more efficiently, we're looking for new skill sets in our people, and we're connected instantly around the globe. I've certainly seen these changes up close. What has remained constant in that time, however, is that transparency and integrity underpin well-functioning markets.

When we move away from the principles of transparency and integrity—whether it's through the unintended consequences of poorly conceived or implemented regulation, capricious enforcement actions, or actual illegal activity—the consequences are widespread. We all know what they are. Market participants are deterred from legitimate open market trading in general, and are especially discouraged from trading in new or illiquid contracts. Price discovery, a core function of all markets, is greatly inhibited.

[Basel III](#), [Dodd Frank](#) and the [Volcker Rule](#) are all designed to reduce the amount of risk that banks are able to take. The combination of shrinking aggregate risk capital, along with a departure from the principles of transparency and integrity, is already having a tangible impact on the markets. Major dislocations (aka flash crashes) have become increasingly common. Expect this trend to continue.

This industry moves quickly and will, of course, continue to evolve. While we respond to these changes, seek competitive advantage and grow our businesses, let's not forget why the markets exist and what makes them work the way they



should. We should do all we can to protect these principles.

I'll close with well wishes for John, who might be down, but is never out. I hope your recovery is quick and restorative, and we all look forward to your return.

++++

Wall Street is the wicked witch of the fintech revolution

John Dizard, FT.com

The premise behind the fintech revolution is that the US public considers both Wall Street and Silicon Valley to be incomprehensible magic. Wall Street is the Wicked Witch of the East, who creates bad magic, and technology is the Good Witch of the West, who creates?..?..?OK, you got it. Smartphone — friend. Goldman Sachs — enemy.

on.ft.com/1VMa0bp

***DRW: Wow!!! Here's the true luddite perspective on blockchain.

++++

University of Chicago professor Thaler in 'Big Short' sees small-cap mutual fund grow

Finance News - Crain's Chicago Business

Richard Thaler's cameo in Oscar-contending movie "The Big Short" was a rare moment of glamour for an economist who built his career studying the follies of human behavior. The 70-year-old University of Chicago professor, whose stock-picking theories drive the Undiscovered Managers Behavioral Value Fund, is getting discovered in more ways than one.

bit.ly/1VMahuX

***DRW: That's my alma mater. Always great to see academic research successfully applied to the markets.

++++

Traders fear LSE-DB "not good for market"

Futures & Options World

Traders have expressed concerns over the potential merger between the London Stock Exchange Group and Deutsche Boerse, arguing the combination could hurt competition in the European futures market. The proposed merger between the London Stock Exchange Group and Deutsche Boerse was the first topic of debate at "Word on the Street" panel at FOW's Evolution of Proprietary Trading event.

goo.gl/qtVLEN

***DRW: This is always the issue with exchange mergers. We can observe CME exercising its pricing power every year. On the other hand, margin offsets between Eurodollar and Treasury futures are a huge benefit.

++++

Europe's Banknote Furor Becomes Front Line on Future of Cash

Bloomberg Business

The Bin Laden is elusive, infamous, and endangered. This isn't of course the long-dead leader of al-Qaeda, but rather the 500-euro (\$551) note -- as known by its Spanish nickname. Rarely seen by ordinary citizens, and suspected by officialdom of



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aiding criminality and terrorism, the single currency's largest physical unit is slated for a potential phase-out by the European Central Bank.

bloom.bg/1VM9H0r

***DRW: I didn't even know a 500 euro note existed!

++++

Exchanges Continue Data Revenue Rises

Waters Technology

Exchanges worldwide have begun posting fourth-quarter and full-year 2015 results, with all but one of those reported so far showing year-on-year growth in data revenues, and continuing the trend that data divisions can be depended on for positive performances even if overall revenues fall.

goo.gl/eCfPGo

***DRW: Maybe the exchange model will evolve to free trading fees, with 100% of revenues generated from data?

++++

Friday's Top Three

Leading the click count in Friday's newsletter was from the WSJ - Christopher Flowers' prediction that [Fintech will mostly end in tears](#). Close behind, from the FT, was [Citadel's new attack on the IEX application](#) to move from ATS to exchange status. Rounding out the top three was the WSJ's piece, [CFTC Chief Rejects Calls to Set Aside Trading Caps](#). So I guess they are filing the [EEMAC report](#) under "W" for "Where the Sun Don't Shine".

[Jeff Bergstrom](#)

Editor

[Spencer Doar](#)

Editor

[Doug Ashburn](#)

Editor-at-Large

Lead Stories

LSE/Deutsche Börse deal gets veto threat from regional finance ministry

Financial News

The regional German regulator responsible for Deutsche Börse has said it could veto the exchange's proposed merger with the London Stock Exchange Group if Frankfurt's financial centre is disadvantaged by the deal.

goo.gl/vljZmP

***DRW: This will be interesting to watch!

NYSE's New Technology Launch Hits a Hiccup in Its First Week

Bloomberg Business

The New York Stock Exchange is pumping the brakes in its shift to new technology. Its new platform, Pillar, which began its roll-out Monday, moved back into testing mode on Friday, according to a trader alert.

Migration to the technology will not pick up again until March 8.

bloom.bg/1VM9IH1

Deutsche Börse unfurls plan for European champion

Philip Stafford, FT.com

On Friday the two sides stressed that a "leave" vote by the UK would jeopardise Europe's hopes of building a

unified capital market — but not the deal itself.

on.ft.com/1VM9SJ4

IRS Says Cyberattacks on Taxpayer Accounts More Extensive Than Previously Reported

WSJ

The Internal Revenue Service said Friday that more than twice as many taxpayer accounts may have been hit by cybercriminals than the agency previously reported, with hackers gaining access to as many as 700,000 accounts and attempting to break into an additional 575,000. The disclosure is the second revision by the IRS in the last six months and comes as Americans are preparing their tax returns for 2015.

on.wsj.com/1VMaeiM

***DRW: I wonder how much this will cost US taxpayers this year?

JP Morgan dismisses traders for breaching compliance procedure

The Trade News

Two traders at JP Morgan were sacked earlier this year over compliance issues, according to reports. Andrew Lombarda, head of US treasury trading and Chi Lee, a junior treasury trader, both left JP Morgan in January this year. No reasons were given at the time for their departure. Reports circulating have now suggested the pair were dismissed over disagreements on the amount of reserves taken for treasury trades.

goo.gl/9X7W8d

After G20 stalemate, focus turns to signs of growth momentum

Reuters

Investors worried about the risk of a new global recession are hoping that data over the coming week will show that some momentum remains in the world economy, eight years into its slow recovery from the financial crisis. The Group of 20 economies were unable to agree on a joint push for new stimulus measures at a meeting which ended on Saturday, turning attention instead to upcoming business surveys from China, Japan, Europe the United States.

reut.rs/1VMaz56

Fed governor Brainard warns rate rises may be at slower pace

FT.com

Shocks from abroad may lead the Federal Reserve to lift short-term interest rates less than some observers have expected, a senior central banker said amid rising concerns about the pace of global economic growth.

on.ft.com/1VMbfHM

JPMorgan traders sacked over compliance

FT.com

JPMorgan Chase sacked the head of its government debt trading desk and another employee after they allegedly circumvented the bank's compliance procedures following a disagreement in valuing certain trades, said people familiar with the matter.

on.ft.com/1VMbzGs

With China Panic Calmed for Now, Leaders Face Reform Test

Bloomberg

Chinese officials' success in calming global fears over their policies and growth trajectory still leaves hard work ahead, as focus shifts to the national legislature's annual gathering.

bloom.bg/1UtSU3H

Regulatory

LSE/Deutsche Börse deal: What the regulators won't like

Financial News

The aspect of the deal most likely to attract the attention of European competition authorities is the huge presence that the merged group would have in clearing, according to lawyers and consultants.

The deal would bring together Europe's two biggest clearing houses, Eurex, owned by Deutsche Börse, and LCH.Clearnet, in which the LSE has held a 57% stake since 2013.

Both LSE and Deutsche Börse declined to comment.

goo.gl/MkTFCg

Banks to spend additional £5-10m each on market surveillance

The Trade News

Investments in market surveillance have been estimated at an additional £5-10 million, according to a recent survey by PwC. PwC's market abuse surveillance survey found the majority of banks are expecting to increase investments in surveillance in the next 12-18 months. Nine of the twenty banks estimated £5 million - £10 million in additional spending on surveillance.

goo.gl/ipe74R

FINRA Approves Enhanced Price Disclosure to Retail Investors in Fixed-Income Securities

FINRA.org

The Financial Industry Regulatory Authority's Board of Governors today approved a proposal designed to help retail customers understand and compare transaction costs in fixed-income securities. The proposal, subject to the approval of the Securities and Exchange Commission, would require member firms to disclose on retail customer confirmations the "mark-up" or "mark-down" for most transactions in corporate and agency debt securities.

goo.gl/QYHYcF

Clinton opposes recommendation to drop limits on futures contracts

Reuters

A top adviser to Democratic presidential candidate Hillary Clinton urged a U.S. regulator on Thursday to not abandon a proposal to limit the number of futures contracts traders can hold on certain commodities. Gary Gensler, a Clinton adviser and former CFTC head, told Reuters the former secretary of state believes "these limits are a critical tool in curbing excessive speculation and protecting the integrity of markets" and should be finalized.

reut.rs/1VMb7YL

***DA: The CFTC's EEMAC [saw it differently Wednesday](#)

Reminder: CFTC authorizes NFA to receive notices of swap valuation disputes in excess of \$20 million filed by swap dealers and major swap participants beginning March 1

NFA

In January, the CFTC issued an order authorizing NFA to receive notices of swap valuation disputes in excess of \$20 million filed by swap dealers (SD) and major swap participants (MSP) pursuant to Regulation 23.502(c). These notices are currently submitted directly to the CFTC.

goo.gl/b3719K

?Derivatives-clearing accord with US gains endorsement of EU governments

John Rega, MLex (Subscription Required)

The EU-US accord on derivatives rules has won backing from European governments, clearing a step for regulators to put the agreement into action and head off a split of the trans-Atlantic market.

goo.gl/rRG0y0

Mutual Fund Fees: A Bad Incentive Fades Away

MoneyBeat - WSJ

One of Wall Street's most opaque practices may be on the verge of fading away. In what's called revenue sharing, asset managers pay brokerages to subsidize the costs of distributing their mutual funds. The industry describes these payments as a potential conflict of interest, since they could create incentives for a brokerage to promote the funds that pay the most instead of those that are best for their clients.

on.wsj.com/1VM8Qww

Keeping Investors on a Need-to-Know Basis

The New York Times

Trust, but verify. That's certainly a timeless investing rule. But for anyone interested in vetting regulatory filings made by investment advisers with the Securities and Exchange Commission, it can be easier said than done.

nyti.ms/1VM8VAo

Bank of England chief accuses G20 of failing to reform to boost growth

The Guardian

Bank of England boss Mark Carney has accused the G20 of failing to adopt measures to boost global growth as he defended central banks and their power to play a role in stimulating economic growth following attacks from critics who say they have run out of ammunition.

goo.gl/tN3snK

CBA's Ian Narev says banks prepared for any bubble

The Australian

The custodian of the nation's biggest home lending book has broken the silence among chief executives on the housing bubble controversy, saying lending practices are stronger than in other parts of the world and scenario planning for a downturn is built into decision-making.

goo.gl/XGDV99

Exchanges & Trading Facilities

CME Group Ultra 10-Year U.S. Treasury Futures Surpass One Million Total Contracts Traded Since January Launch

CME Group

This is also the first time in CME Group's nearly 170-year history that a new product hit the one-million contracts mark in such a short period of time. Other contracts that reached previous seven-week record highs include the Ultra U.S. Treasury Bond futures, which traded 523,000, and the E-mini Dow (\$5) futures, which traded nearly 470,000.

goo.gl/jac7XZ

Baltic Exchange Confirms It Has Received A Number Of Exploratory Approaches

Mondovisione

The Baltic Exchange confirms that it has received a number of exploratory approaches and that it is now in confidential discussions with selected third parties regarding its future strategy and ownership. There can be no certainty that an offer will be made or the terms on which any offer might be made. Further announcements will be made as appropriate.

goo.gl/xmPy9W

***DA: In case you missed Friday's newsletter, word got out that [SGX](#) had submitted a non-binding offer.

JPX Readies New Co-Lo, Derivatives Platform

Waters Technology

The Japan Exchange Group (JPX) will migrate its technology infrastructure to a new co-location facility in July to accompany the launch of its new Next J-Gate derivatives matching engine, in a bid to make connecting to its data and trading simpler and cheaper, while adding new trading capabilities.

goo.gl/jX8oIY

MCX shortlists 2 candidates for MD's post

Business Standard News

The Multi Commodity Exchange (MCX), India's largest in the sector, has shortlisted two candidates, both having experience with foreign institutions or banks in India, for the post of managing director. Mrugank Paranjape and Nina Nagpal have been shortlisted from a list of 13 who were called for an interview by the selection panel, appointed by the board of the exchange.

goo.gl/UALHVP

NZX Confirms Move Date To T+2 Settlement Cycle

Mondovisione

Following successful testing by NZX market participants and software providers, NZX confirms it will transition to a shortened T+2 settlement cycle for all trades executed on its cash markets on Monday 7 March 2016.

goo.gl/rRAIzz

HKEX To Introduce Futures On 7 Stock Sectors

Press Release

Hong Kong Exchanges and Clearing Limited (HKEX) will introduce futures contracts on seven sectors of its stock market on Monday, 9 May 2016 to expand its well-established equity derivatives business and give investors more choices.

goo.gl/UjCzak

Politics

Uncovering the Bad Math (or Logic) of an Economic Analysis Embraced by Bernie Sanders

The New York Times

An academic study that predicted Bernie Sanders's economic platform would cause an enormous economic boom turns out to have been based on faulty math, or bad economic logic.

nyti.ms/1VM932Y

Billionaire Cooperman Gave \$1,000 to Confront Clinton on 'Class Hatred'

Bloomberg Politics

The hedge-fund billionaire Leon Cooperman, no fan of Hillary Clinton's, forked over \$1,000 to her campaign last month for a chance to accuse the Democratic presidential front-runner in person of stoking hatred of the rich. "I said I would go under one condition -- I get to ask a question that's been disturbing me," the founder of Omega Advisors said in an interview. "Why does she feel the need to indiscriminately criticize wealthy people?"

bloom.bg/1VM9M42

Buffett rails against presidential candidates who talk down economy

Reuters

Warren Buffett bemoaned the "negative drumbeat" on the U.S. economy from presidential candidates in his annual Berkshire Hathaway Inc shareholder letter on Saturday, saying they are misleading Americans into believing their children will be worse off than they are.

reut.rs/1VMawGo

Hedge Funds & Managed Futures

For more, subscribe to the [JLN Managed Futures](#) newsletter or visit the Managed Futures section on [JohnLothianNews.com](#).

Barron's: A Liquid Alternative Mutual Fund Brain Trust

Benzinga

John Liew, Cliff Asness, David Kabiller and a team of high-powered Ph.D.s have built AQR Capital Management into a \$141 billion investment giant that gets impressive results in good markets and bad, says this week's cover story in Barron's. AQR's liquid alternative mutual funds are among the best in the business. bit.ly/1VMaY7x

Where Can Investors Hide From Punishing Negative Rates?

Bloomberg Business

With volatile global financial markets, and more central banks turning to negative interest rates, it can be hard to think of a reliable place for your money these days. Economic weakness around the globe has weighed on U.S. growth, but Federal Reserve officials have repeatedly said that pushing interest rates below zero here is still premature. Chair Janet Yellen said the central bank is re-examining negative rates as a policy tool if the economy stalls.

bloom.bg/1VM9g61

Hedge-Fund Assets Below \$3 Trillion for First Time Since 2014

Bloomberg Business

Assets managed by hedge funds globally last month fell to less than \$3 trillion for the first time since the industry hit the milestone in May 2014, according to data from eVestment. Investors pulled a net \$21.5 billion, the most in the opening month of a year since 2009, while losses led to a \$43.2 billion drop in assets under management. The industry managed \$2.96 trillion at the end of January.

bloom.bg/1VM9pGB

Collins Capital shuts hedge fund for retail investors

Reuters

The Collins Alternative Solutions Fund, a mutual fund that offered hedge fund strategies to retail investors, has been shut down after suffering a double-digit decline in 2015 and falling more this year. "The board concluded that it would be in the best interests of the fund and its shareholders that the fund be closed and liquidated," Collins Capital said in a regulatory filing on Friday with the U.S. Securities and Exchange Commission. The fund was closed on Feb. 19.

reut.rs/1VMacrf

Fed's Transparency May Give Investors False Confidence, Economists Say

The New York Times

The Federal Reserve may be guilty of sharing too much information. In contrast to its behavior under previous leaders, the Fed under Janet L. Yellen, the current chairwoman, and her predecessor, Ben S. Bernanke, has sought to clarify its intentions by publishing long descriptions of policy-making deliberations, convening regular news conferences and releasing quarterly rounds of economic forecasts by senior Fed officials.

nyti.ms/1VMbwdN

Banks & Brokers

BGC Partners - BGC Partners Announces New Unsecured Credit Agreement

BGC Partners

The agreement, along with our liquidity position, and the expected receipt of 11.9 million Nasdaq shares, means that we have over \$1.9 billion of dry powder available to us to drive substantial returns for our investors. We expect to use our considerable financial resources to profitably hire, make accretive acquisitions, pay dividends, repurchase shares and units of BGC, and/or repay debt, all while maintaining or improving our investment grade rating.

goo.gl/DFPd5B

RBS Shunning 'Rainmakers' as Bonus Pool, Millionaires Fall

Bloomberg Business

Royal Bank of Scotland Group Plc's chairman said his firm doesn't pursue highly paid investment bankers anymore, as it cut the number of million-euro earners and its bonus pool amid the continued shrinking of its securities unit.

bloom.bg/1VM9v0U

Morgan Stanley CEO Gets \$5.2 Million in Stock for Exceeding Long-Term Goals

WSJ

Morgan Stanley awarded James Gorman, the Wall Street firm's chairman and chief executive, shares valued at more than \$5.2 million for exceeding his performance goals over the past three years, according to a regulatory filing Friday.

on.wsj.com/1VMaP3T

Citigroup Faces Fraud Suit Claiming \$1.1 Billion in Losses

Bloomberg Business

Citigroup Inc. was sued for fraud by investors and creditors of a bankrupt Mexican oil services firm over claims they were harmed by a loan scheme that also led the bank to cut 2013 profit by \$235 million and fire at least a dozen people.

bloom.bg/1VMb0MC

Impatient Barclays investors await CEO's plan

Financial News

In his first three months as Barclays chief executive, Jes Staley has redrawn the bank's global footprint, reshuffled several top executives and pressed the flesh with everyone from the UK's prime minister to US regulators.

goo.gl/JlpQSt

Clearing & Settlement

Japan Exchange Group selects Cinnober's real-time clearing for listed derivatives

Finextra

Cinnober announces that it was selected by the Japan Exchange Group (JPX) to deliver a real-time clearing solution for its listed derivatives market, which is operated by the Osaka Exchange (OSE), and cleared by the Japan Securities Clearing Corporation (JSCC).

[/goo.gl/oFcBne](http://goo.gl/oFcBne)

LCH.Clearnet Seeks CFTC Approval to Portfolio Margin Futures, Foreign Futures and Cleared Swaps

in Cleared Swaps Accounts

Lexology

The Commodity Futures Trading Commission is seeking public comment on a proposal by LCH.Clearnet Ltd. to authorize it and its futures commission merchant clearing members to combine in a single cleared-swaps customer account customer's cleared-swaps, futures and foreign futures positions, and all related funds, and to subject such positions to portfolio margin.

goo.gl/Xfvu7E

Indexes & Products

The Jungle of the \$2 Trillion ETF Market Is Getting Even Denser

Bloomberg Business

The \$2 trillion market for U.S. exchange-traded funds is growing more opaque even as regulators warn the asset class is already too complicated for some investors. Eaton Vance Corp. began offering a new type of ETF on Friday -- called Eaton Vance Stock NextShares -- that only reveals its underlying assets monthly, rather than the daily disclosure that's common in the rest of the industry. Soon, that lag will get longer, as other fund issuers plan ETFs that discuss holdings only every quarter.

bloom.bg/1VM9j1Z

LSE - Deutsche Börse Merger Deal Would Create 'World's Largest Index Provider'

Waters Technology

The potential merger between the London Stock Exchange and Deutsche Börse could create the largest index business in the world by combining the LSE's FTSE Russell—itsself created last year by LSE's purchase of Russell Investments—with the German exchange's Stoxx index business, industry observers say.

bit.ly/1VM9V7G

ProShares Long/Short ETF Changes Indexes

ETF Trends

The ProShares RAFI Long/Short ETF (NYSEArca: RALS) will get a new index at the close of U.S. markets today.

goo.gl/cNzuW2

China Exchanges Services Company Limited (CESC) Announces A Gaming Index And Licenses HKEX To Offer Futures On The Index

China Exchanges Services Company Limited (CESC) today (Monday) announced it will launch its first sector index, the CES Gaming Top 10 Index (CES G10) soon, and it has licensed Hong Kong Exchanges and Clearing Limited (HKEX) to introduce futures on the index.

goo.gl/9YDxSt

Technology

For more, visit the Tech/HFT section on JohnLothianNews.com.

Object Trading Named Best Direct Market Access Offering For The Second Year Running

Object Trading

Object Trading is honoured to announce, that once again, Wall Street Letter (WSL) has recognized Object Trading in the distinguished Institutional Trading Awards for Best Direct Market Access (DMA) Offering.

[/goo.gl/8UeUC6](http://goo.gl/8UeUC6)

Enforcement

NY judge dismisses top charges against former executives at Dewey & LeBoeuf

Reuters

DiCarmine, Sanders and former Dewey Chairman Steven Davis were accused of using illegal accounting adjustments to mask the firm's teetering finances between 2008 and 2012 and convince lenders and investors, including Bank of America Corp and HSBC Holdings PLC, that the law firm was still healthy.

reut.rs/1VM8GFt

UBS Hit With Tax-Evasion Probe in Belgium

WSJ

UBS Group AG's legal troubles mounted on Friday, as a Belgian judge launched a probe into whether the Swiss bank helped wealthy clients in the country evade taxes. The Brussels prosecutor's office said in a statement that UBS is suspected of forming a criminal organization, money laundering and serious tax fraud. The opening of a formal investigation follows a series of related legal challenges for UBS both in Belgium and in other parts of Europe.

on.wsj.com/1VM9OZT

Former analyst for Capital One must pay \$13.5 million for insider trading: SEC

Reuters

A former Capital One Financial Corp analyst was ordered by a federal court in Philadelphia to pay \$13.5 million in sanctions for insider trading, the U.S. Securities and Exchange Commission said on Friday. The ex-analyst, Nan Huang, was found liable in January in a civil trial of using non-public sales data from Capital One, a credit card issuer, to buy and sell stocks.

reut.rs/1VM9Xwj

Citigroup Receives Subpoena in FIFA Probe

WSJ

Citigroup Inc. said in a securities filing Friday that it has received a subpoena in connection with the FIFA bribery scandal, making it the first major U.S. bank to disclose a link to probes involving soccer's governing body.

on.wsj.com/1VMaL4q

GE Says Justice Department Sent Subpoenas to GE Capital, WMC in Subprime Probe

WSJ

The Justice Department has subpoenaed records concerning subprime mortgages from General Electric Co.'s financial services business, the company said in a securities filing, the latest indication of the long shadow the subprime boom has cast over lenders.

on.wsj.com/1VMaSNp

Environmental & Energy

Warren Buffett says climate change no risk to Berkshire Hathaway

FT.com

Warren Buffett has dismissed the possibility that climate change could prove a big risk to Berkshire Hathaway's insurance business, in a combative annual letter to shareholders. In the letter, released on Saturday, Mr Buffett took on a dissident shareholder who plans to raise global warming at Berkshire's annual meeting next month, as well as critics of the company's Clayton Homes mobile homes subsidiary and politicians who paint a gloomy picture of the US economy.

on.ft.com/1VMayxS

Scientists Protest Cuts and Commercialization at Australian Climate Center

The New York Times

Perched on a wild, windy promontory on the rugged tip of northwestern Tasmania, the tiny Cape Grim research station has been measuring airborne greenhouse gases since 1976.

nyti.ms/1VMbiHs

The New Oil-Storage Space: Railcars

WSJ

The U.S. market is so oversupplied with oil that traders are experimenting with a new place for storing excess crude: empty railcars. There are plenty to choose from: Thousands of railcars ordered up to transport oil now sit idle because current ultralow crude prices have made shipping by train unprofitable. Meanwhile, traditional storage tanks are filling up as U.S. oil inventories swell to their highest level since the 1930s.

on.wsj.com/1VMbm69

U.S. shale's message for OPEC: above \$40, we are coming back

Reuters

For leading U.S. shale oil producers, \$40 is the new \$70. Less than a year ago major shale firms were saying they needed oil above \$60 a barrel to produce more; now some say they will settle for far less in deciding whether to crank up output after the worst oil price crash in a generation.

reut.rs/1VMJ77m

Asia-Pacific

China halts overseas investment schemes

FT.com

Beijing has mothballed two pioneering outbound investment schemes, according to people with knowledge of the situation, in its latest bid to stem capital outflows and shore up the renminbi.

on.ft.com/1VMbpi8

China Moves to Bolster Lending by Easing Banks' Reserve Ratio

The New York Times

China said on Monday evening that it would lower the amount of cash that banks must set aside as reserves, freeing them to lend more as the government attempts to preserve liquidity in the financial system. The measure, effective Tuesday, is the latest example of the fine line that China's policy makers are attempting to walk as they fight persistent capital outflows amid expectations that the currency, the renminbi, could weaken further because of slowing economic growth.

nyti.ms/21Dpa6j

Everything You Need to Know About Negative Rates

WSJ

The Bank of Japan, the European Central Bank and several smaller European authorities have ventured into the once-uncharted territory of negative interest rates. But what are negative rates, and how do they come about?

on.wsj.com/1VMbBxQ

How China's Big Lending Push Comes Up Short

WSJ

China still has room to cut, but it may not be having much effect other than hiding the economy's pain. The People's Bank of China waited until the Group of 20 financial bigwigs were safely out of Shanghai to resume its easing campaign Monday, cutting the reserves banks are required to hold with the central bank by half a percentage point. As moves go, it is pretty standard and expected given China's sluggish economy.

on.wsj.com/1VMJ4bl

SGX said to be among Baltic Exchange suitors

Taipei Times

The Baltic Exchange on Friday confirmed that it had received a number of "exploratory approaches" after Singapore Exchange Ltd (SGX) revealed it was seeking to buy the business which has been the hub of the global shipping market for centuries.

goo.gl/dD4epf

Frontier Markets

New chief faces big challenges at Pemex

FT.com

Reeling from crushing losses and hammered by the oil price plunge, state-owned Pemex, Mexico's biggest company, will unveil its turnaround strategy on March 29 together with its 2015 results. Both will be painful.

on.ft.com/1VM8Hcy

No Change In Trading Commission Charged On Investor Transactions, UAE's Securities And Commodities Authority Says

Mondovisione

The Securities and Commodities Authority (SCA) stressed, in a press release, that there will be no change in the trading commission charged on financial market transactions. It explained that investors will not bear any additional costs and will not be affected in any way. SCA noted that there will be no change in the total commission charged per transaction, i.e. 0.00275 of the transaction value.

goo.gl/TSr1jd

Multinationals say Nigeria's dollar crunch is hurting business

FT.com

Multinational groups say a dollar shortage in Nigeria driven by the oil price crash is forcing local suppliers to buy hard currency at a black market premium, pushing up their operating costs and prices, and obstructing business in Africa's biggest economy.

on.ft.com/21Dp7aJ

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