RGGI Inc.

REPORT ON THE SECONDARY MARKET FOR RGGI CO_2 ALLOWANCES: FOURTH QUARTER 2017

Prepared for:

RGGI, Inc., on behalf of the RGGI Participating States

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The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort of Northeast and Mid-Atlantic states to reduce emissions of carbon dioxide (CO_2) from the power sector.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the states participating in the Regional Greenhouse Gas Initiative.

A. INTRODUCTION AND SUMMARY

The primary market for RGGI CO_2 allowances consists mainly of the auctions where allowances are initially sold. Once a CO_2 allowance is purchased in the primary market, it can then be resold in the secondary market. The secondary market for RGGI CO_2 allowances comprises the trading of physical allowances and financial derivatives, such as futures and options contracts.

The secondary market is important for several reasons. First, it gives firms an ability to obtain CO_2 allowances at any time during the three months between the RGGI auctions. Second, it provides firms a way to protect themselves against the potential volatility of future auction clearing prices. Third, it provides price signals that assist firms in making investment decisions in markets affected by the cost of RGGI compliance.

This report provides a summary of activity in the secondary market in the fourth quarter of 2017 and discusses the results of our market power screens.

- *CO_2 Allowance Prices* – CO_2 allowance futures prices averaged $4.09, down slightly from both the previous quarter and the fourth quarter of 2016.
  - ✓ Prices opened the quarter near $4.25, ranged between $3.75 and $4.25 for most of the quarter, and finished the quarter near $4.00.
- *Secondary Market Activity* – Futures trading volumes and allowance transfers in COATS increased in the fourth quarter. This pattern is typical since the most liquid futures contract is usually the one that settles in December.
  - ✓ The volume of trading of RGGI futures was 56.7 million CO_2 allowances in the fourth quarter of 2017, an increase of 20 percent over the previous quarter and a decrease of 28 percent from the fourth quarter of 2016.
  - ✓ The total volume of CO_2 allowance transfers between unaffiliated firms was 67.2 million, more than nine times the recorded volume in the third quarter.
- *CO_2 Allowance Holdings* – At the end of the fourth quarter of 2017:
  - ✓ There were 255 million CO_2 allowances in circulation.
  - ✓ Compliance-oriented entities held approximately 156 million of the allowances in circulation (61 percent).
  - ✓ Approximately 175 million of the allowances in circulation (69 percent) are believed to be held for compliance purposes.

We evaluate information on the holdings of CO_2 allowances and allowance derivatives as well as the demand for allowances to identify firms that may have acquired a position that raises competitive concerns. In the current study period, we find no evidence of anticompetitive conduct.

B. BACKGROUND

The secondary market for RGGI CO_2 allowances comprises the trading of physical allowances and financial derivatives, such as futures, forward, and option contracts. A physical allowance trade occurs when the parties to the transaction register the transfer of ownership in RGGI's CO_2 Allowance Tracking System ("COATS"). Financial derivatives include any contracts whereby parties agree to exchange funds and/or allowances at some future date, depending in many cases on factors such as the price of allowances at some future date. Many financial derivatives eventually result in the transfer of physical CO_2 allowances (i.e., the transfer is registered in COATS), but this may occur months or years after the parties enter into a financial transaction. These include the following types of transactions:

- *Futures* – Under these contracts, two parties agree to exchange a fixed number of CO_2 allowances of a certain vintage year at a particular price at a specific point in the future (called the "delivery month"). At the end of the delivery month, the contracted number of CO_2 allowances must be physically transferred to the buyer's account in the COATS registry and funds must be transferred to the seller. Allowances transferred must be usable for compliance in the vintage year of the futures contract. One standard futures contract equals 1,000 RGGI allowances.[1]
- *Forwards* – These are like futures contracts, but a forward contract typically requires that all financial settlement occur at expiration.
- *Call Options* – Call options give the purchaser the option to buy a fixed number of CO_2 allowances of a certain vintage year at a particular strike price at the expiration date. For example, suppose a firm holds a call option with $5 strike price, and December 2018 expiration date. If the price of the corresponding forward contract rose to $5.75, the firm could exercise the option to buy CO_2 allowances at $5 and immediately sell them at $5.75. Alternatively, if the price of the forward contract stayed below $5, the firm would let the option expire without exercising it. One standard options contract can be exercised for 1,000

[1] More precisely, a futures contract requires parties with an open interest to post financial assurance in an account with the exchange until the contract reaches expiration. The exchange continually withdraws and deposits funds according to changes in the prices of the contracts in which the party has interest. For example, if a firm buys a contract for 1,000 allowances at $3.50/allowance, the purchasing firm (firm with a long position) must put $3,500 in an account (or whatever share of the entire liability the exchange requires). If the futures price declines to $3/allowance, the exchange transfers $500 from the account of a firm with a long position to the account of a firm with a short position (firm that sold a contract), and the firm with a long position is only required to keep $3,000 in the account. At the end of the delivery month, allowances are exchanged for funds according to the closing price on the last day of the month.

RGGI allowances. Currently, call option contracts listed on ICE are European style, meaning that they cannot be exercised before the expiration date.

- *Put Options* – Put options are similar to call options but they give the purchaser the option to *sell* a certain number of CO_2 allowances of a particular vintage year at a specified strike price any time prior to the expiration date. Currently, put option contracts listed on ICE are European style, meaning that they cannot be exercised before the expiration date.

Futures, forward, and option contracts allow firms to manage risks associated with unforeseen swings in commodity prices. Futures and forwards allow firms to lock-in the prices of future purchases or sales. Options allow firms to limit their exposure to price volatility. Call options protect the purchaser if the price of the commodity increases, while put options protect the purchaser if the price of the commodity decreases. Although options provide less certainty than futures and forwards, they usually require less financial security, making them more attractive to some firms.

The terms of futures, forward, and option contracts vary in the degree to which they are standardized. "Exchange-traded" contracts typically have the most standardized provisions, while the term "over-the-counter" ("OTC") is applied to contracts with less standardized provisions. However, OTC contracts, once entered into, are often settled through a clearinghouse in order to protect the parties from the risk that the counterparty defaults.

The amount of *open interest* is the net amount of futures, forwards, or options that have been traded for a contract with a particular set of specifications (i.e., vintage year, delivery month, etc.), but have not reached the time of delivery, expired, or been exercised. For example, if Firm A sells 100 contracts of a particular type to Firm B, Firm A will have a short position of 100 contracts, Firm B will have a long position of 100 contracts, and the total open interest for the particular type of contract will be 100 contracts. Hence, the total open interest can be determined by summing across all of the long positions of market participants or by summing across all of the short positions.

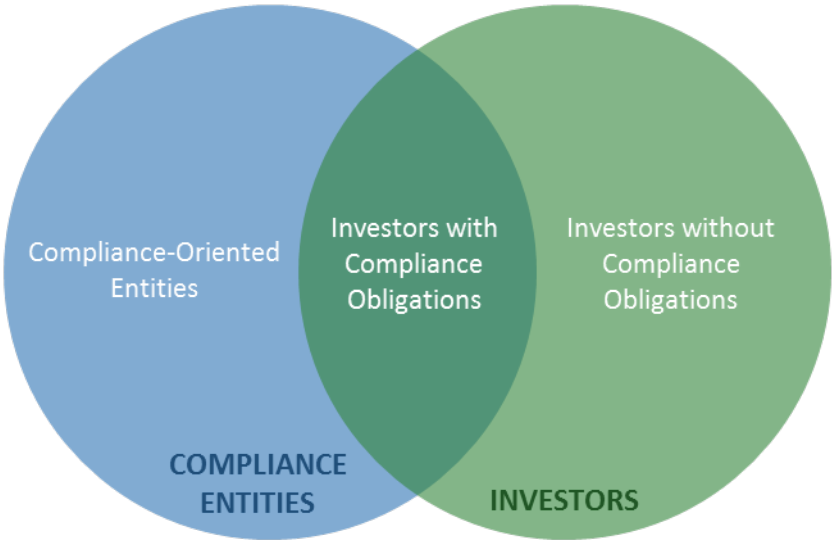
The volatility of a CO_2 allowance refers to the expected standard deviation of the distribution of allowance prices one year in the future. For example, if the expected value of the price one year in the future is $1 and the option-implied volatility is 25 percent, this implies that the probability that the price will be within 25 percent of $1 (i.e., between $0.75 and $1.25) is 68.2 percent

assuming that the price is distributed log-normally. Option-implied volatility refers to volatility estimates that are derived by analyzing the price and other terms of an option contract compared with the price of CO_2 allowances.

Categories of Firms Participating in the RGGI Market

Participation in the RGGI market involves many different firms with various interests in RGGI allowances. Some participate in order to satisfy compliance obligations, others have investment interests, and still others participate for both purposes. To more effectively track the activity of different participants, we use several classifications for participant firms. Figure 1 summarizes the relationship between these classifications.

Figure 1: Classifications of Participant Firms in the RGGI Marketplace



- *Compliance-oriented entities* are compliance entities that appear to acquire and hold allowances primarily to satisfy their compliance obligations.
- *Investors with Compliance Obligations* are firms that have compliance obligations but which hold a number of allowances that exceeds their estimated compliance obligations by a margin suggesting they also buy for re-sale or some other investment purpose. These firms often transfer significant quantities of allowances to unaffiliated firms.

- *Investors without Compliance Obligations* are firms without any compliance obligations.

These three categories form the basis for two overlapping groups.

- *Compliance Entities* –All firms with compliance obligations, and their affiliates.[2] Combines the first and second of the above categories.
- *Investors* – All firms which are assessed to be purchasing primarily for investment rather than compliance purposes. Combines the second and third of the above categories.

The assessment of whether a compliance entity holds a number of allowances that exceeds its compliance obligations by a margin that suggests they are also buying for re-sale or some other investment purpose is based on: (a) the entity's forecasted share of the total compliance obligations for the entire RGGI footprint through 2020, (b) the total number of allowances in circulation, and (c) consideration of the pattern of the entity's allowance transfers to unaffiliated firms versus affiliated firms. Since the designation of a compliance entity as an investor is based on a review of its transactions and holdings, the designation of a particular firm may change over time as more information becomes available. Therefore, some of the quantities in this report may not match previous reports because of changes in the classification of particular firms.

The number of allowances that are believed to be held for compliance purposes includes 100 percent of the allowances held by compliance-oriented entities and a portion of allowances held by other compliance entities (i.e., entities with compliance obligations that are not included in the compliance-oriented category).

[2] Affiliates are firms that: (i) have a parent-subsidiary relationship with a compliance entity, (ii) are subsidiaries of a parent company that has a large interest in a compliance entity, (iii) have substantial control over the operation of a budget source and/or responsibility for acquiring RGGI allowances to satisfy its compliance obligations.

C. SUMMARY OF PRICES

This section summarizes prices in the secondary market for RGGI CO_2 allowances in the fourth quarter of 2017. Figure 2 summarizes transaction prices in the secondary market for CO_2 allowances, including the prices of allowance transfers registered in COATS[3] and the prices of futures contract trades on the Intercontinental Exchange ("ICE"). Key observations regarding RGGI CO_2 allowance prices:

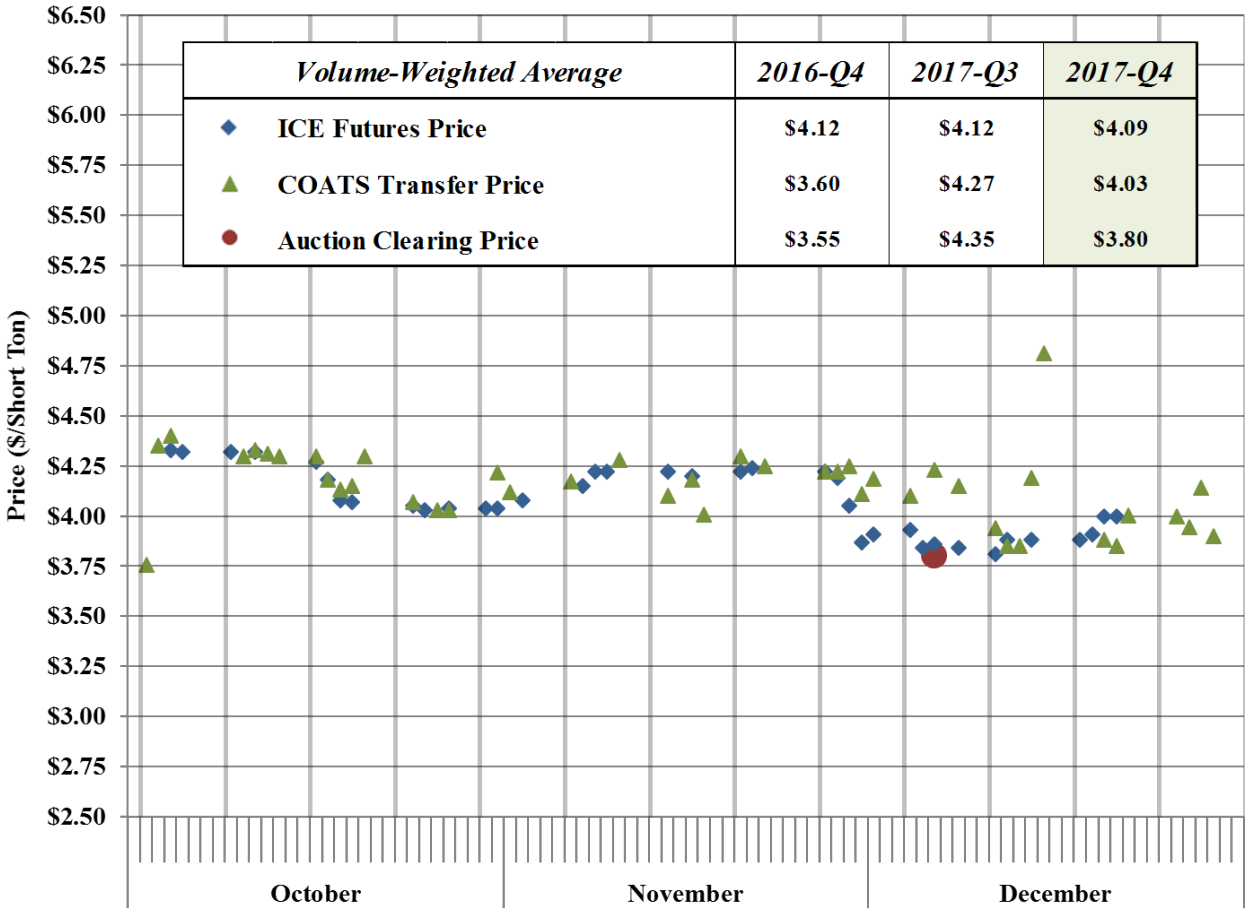
- Allowance prices opened the quarter near $4.25, then declined in mid-October, before rising in early November, and then settling between $3.75 and $4.25. Prices were close to $4.00 at the end of the quarter.
- Futures contract prices averaged $4.09, down slightly from the third quarter, while COATS transfer prices averaged $4.03, down 5 percent from the third quarter, but up 12 percent from the fourth quarter of 2016.
- The clearing price in Auction 38, which was held on December 6, was $3.80. This was down from Auction 37 in September 2017, which cleared at $4.35.
- Options trading declined from already low levels in previous quarters as no options trades were recorded in the fourth quarter of 2017.

Prices of CO_2 Allowances and Allowance Derivatives

Figure 2 summarizes prices in the secondary market during the period. The blue diamonds show the price of ICE futures on days with trading volume. The green triangles show the volume-weighted average prices of physical deliveries registered in COATS on days with transactions when the price was recorded ("COATS transactions"). The red circle shows the clearing price of the CO_2 allowances that were sold in RGGI Auction 38, which was held on December 6. Figure 2 also shows volume-weighted average prices for each category in the fourth quarter of 2017 compared to the previous quarter and the fourth quarter of the previous year. Volume-weighted average prices for the first, second, and third control period CO_2 allowances are shown together.

[3] Parties are required to report the transaction price if there is an underlying financial transaction related to the transfer of allowances between accounts.

Figure 2: Prices in the Secondary Market for RGGI CO_2 Allowances[4]
October 1 to December 31, 2017



Key observations regarding CO_2 allowance prices:

- Secondary market prices were reported in a relatively tight price band until late November. The wider dispersion of prices in December is largely due to the settling of long-term contracts with pricing terms that were determined at an earlier date.
- The average price of CO_2 allowance transfers in COATS during the fourth quarter of 2017 was $4.03, which was 5 percent lower than the previous quarter[5] and 12 percent higher than the fourth quarter of 2016.

[4] Sources: Auction clearing prices are available at www.rggi.org/market/co2_auctions/results, ICE futures prices are available at www.theice.com, and the prices of physical deliveries are based on information in COATS. Futures prices are shown for the prompt month contract settlement price even if the volume traded was for another contract.

[5] The COATS price for the third quarter of 2017 is $0.04 higher than recorded in that quarter's report due to several transactions that were not reported in COATS until after data collection for the quarter had closed.

- The prices of ICE futures trades were generally consistent with COATS transfer prices throughout the third quarter. The average futures price of $4.09 was slightly lower than both the previous quarter and the fourth quarter of 2016.
- The clearing price in Auction 38 was $3.80, which was in line with the secondary market price trend leading up to the auction. The auction clearing price declined $0.55 from Auction 37 (which was held in September 2017).

Prices of Options for CO_2 Allowances

The clearing prices of option contracts provide insight about how the market expects the price of the underlying commodity to move in the future. The price of an option depends on two factors: (i) the expected value of the underlying commodity relative to the strike price of the option, and (ii) the expected volatility of the underlying commodity over the period before the expiration date. When call option price decreases coincide with put option price increases, it signals a decrease in the expected price of the underlying commodity. Conversely, when call option prices and put option prices move in the same direction, it signals a change in the expected volatility of the underlying commodity price.

Key observations regarding the pricing of options for CO_2 allowances in the fourth quarter of 2017:

- No option trades were recorded on ICE in the fourth quarter, down from eight in the third quarter.
- The remaining open interest in option contracts was all for a December 2017 contract, so the open interest in options fell to 0 contracts in the middle of December.

Volatility of CO_2 Allowance Prices

Market-based emissions reduction programs such as RGGI are designed to give firms efficient incentives to reduce or offset emissions. In the short-term, high-emitting generators will operate less frequently in favor of low-emitting generators. In the long-term, the market will affect the decisions of firms to develop offset projects, retire older inefficient generation, and perform maintenance that increases fuel efficiency and lowers carbon-intensity. Predictable CO_2 allowance prices decrease the risks associated with making long-term investments in reducing CO_2 emissions. Since CO_2 allowance prices can be volatile, the availability of futures and options contracts allows firms to protect themselves from the risks of such investments.

Expected price volatility is affected by elements of the RGGI program that promote allowance price stability. Potential upward price movements are limited by the Cost Containment Reserve ("CCR"), which allows for the sale of a fixed number of allowances in addition to the cap if the auction clearing price reaches the CCR Trigger Price.[6] Potential downward price movements are limited by the Reserve Price, which currently prevents allowances from being sold in the auction at a price below $2.15 (and is indexed to inflation), and the Emissions Containment Reserve ("ECR"), which will withhold allowances from circulation if prices fall below established trigger prices starting in 2021.[7]

One measure of the volatility of CO_2 allowance prices is known as option-implied volatility, which measures the volatility that is implied by the trading of option contracts for CO_2 allowances. If a firm perceives that CO_2 allowance prices are volatile, the firm may be willing to pay a high price for an option contract that protects it from unforeseen allowance price fluctuations. Likewise, if a firm perceives that CO_2 allowance prices are relatively stable, the firm will be willing to pay relatively little for the same option contract.

No options trades were recorded in ICE during the fourth quarter of 2017, therefore the options-implied volatility figure has been omitted from this report. For analysis of historical options trading refer to the Secondary Market reports from previous quarters.

[6] From 2015 to 2020, the annual withdrawal limit is ten million allowances. Ten million CCR allowances were released in Auction 29, which was held in September 2015. The CCR trigger price for 2015 was $6.00, it rose to $8.00 in 2016, $10.00 in 2017, and it will rise 2.5 percent in each year through 2020. After 2020, the size of the CCR and the CCR trigger price will be set in accordance with the 2017 Model Rule. Details are provided at http://www.rggi.org/program-overview-and-design/elements.

[7] Beginning in 2021, the size of the ECR will be equal to 10 percent of the budgets of states implementing the ECR. The ECR trigger price for 2021 will be $6.00 and will rise 7 percent each year thereafter. Details are provided at http://www.rggi.org/program-overview-and-design/elements.

D. VOLUMES AND OPEN INTEREST

This section evaluates the volume of COATS transactions (i.e., transfers of CO_2 allowances between unaffiliated parties as recorded in COATS) as well as the volume of trading and the level of open interest in exchange-traded futures and options. Figure 3 examines the volumes of transactions recorded in COATS and of futures trading. Figure 4 summarizes the level of open interest in exchange-traded RGGI futures and option contracts. Figure 5 evaluates the concentration of firms with open interest in exchange-traded RGGI futures and option contracts.

Key observations regarding trading volumes and open interest in the fourth quarter of 2017:

- RGGI futures trading volume was 56.7 million CO_2 allowances in the fourth quarter of 2017, a 20 percent increase from the previous quarter but also a 28 percent decline from the fourth quarter of 2016. A large fourth quarter trading volume is typical as firms prepare for the March 1 compliance deadline.
- Physical allowance transfers between unaffiliated firms were also up in the fourth quarter. Volume increased more than nine times from the third quarter and 19 percent over the fourth quarter of 2016. This high volume of transfers is typical of the fourth quarter since the most liquid futures contracts settle in December.
- There were 255 million CO_2 allowances in circulation at the end of the quarter.
    - ✓ Compliance-oriented entities held approximately 156 million of the allowances in circulation (61 percent).
    - ✓ Approximately 175 million of the allowances in circulation (69 percent) are believed to be held for compliance purposes.

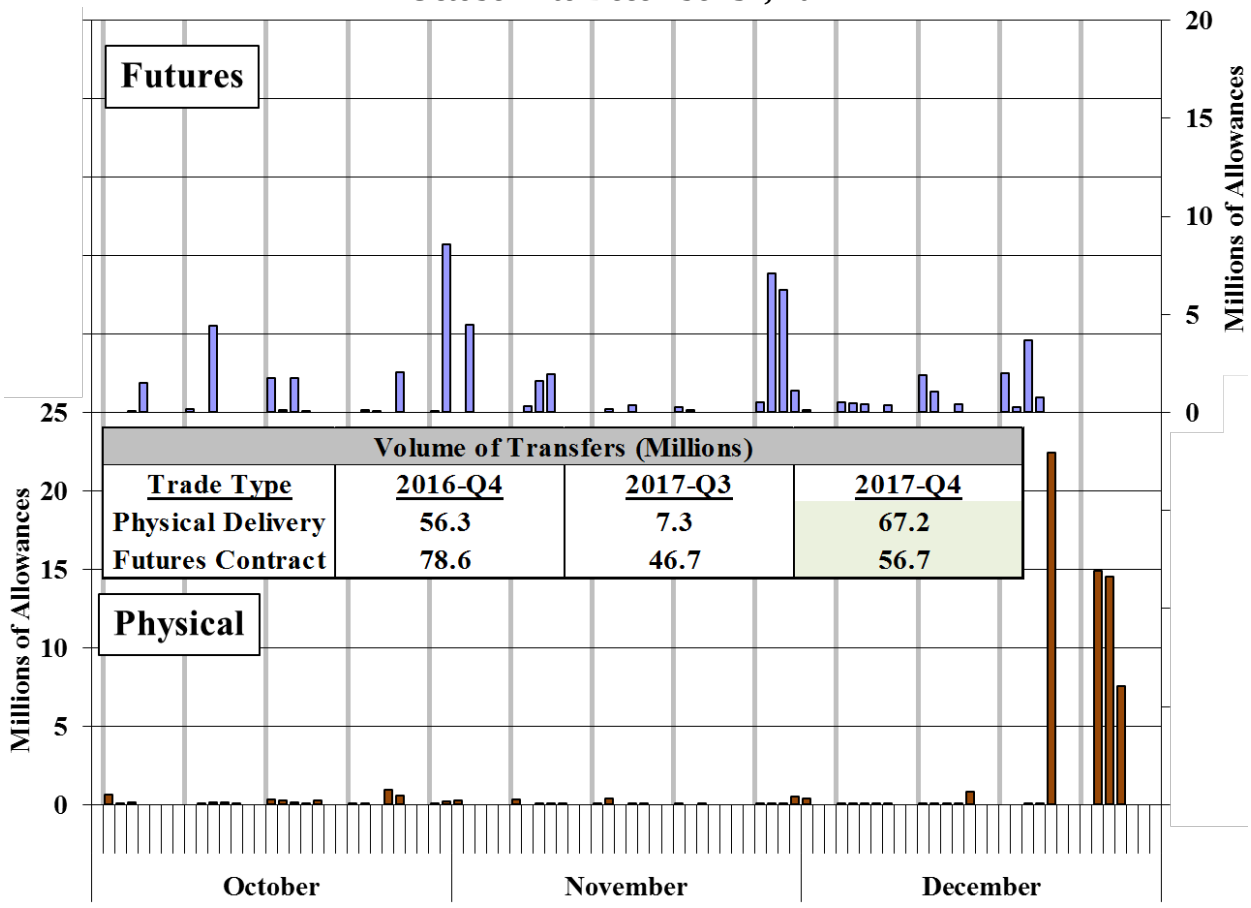
Volume of CO_2 Allowance Transfers, Futures, and Options

Figure 3 summarizes the volume of transfers of CO_2 allowances between the COATS accounts of unaffiliated firms and the volume of trading of RGGI futures listed on ICE. The figure also shows the volume of transfers in the fourth quarter of 2017 compared to the previous quarter and to the fourth quarter of 2016.[8] The volume of futures trading and transfers of CO_2 allowances for

[8] Firms are categorized as affiliated based on available information. As a result, calculations provided in previous reports may be inconsistent with results in this report when new information becomes available.

each control period are shown together because all CO_2 allowances are essentially interchangeable for compliance purposes.

Figure 3: Volume of CO_2 Allowance Transfers Between Unaffiliated Parties[9]
October 1 to December 31, 2017



Volume of Transfers (Millions)

Trade Type	2016-Q4	2017-Q3	2017-Q4
Physical Delivery	56.3	7.3	67.2
Futures Contract	78.6	46.7	56.7

Key observations regarding the volume of CO_2 allowance transfers between unaffiliated firms:

- The total volume of CO_2 allowance transfers between unaffiliated firms was 67.2 million, a large increase from the third quarter[10] and 19 percent higher than the fourth quarter of 2016.
- Most of the CO_2 allowance transfers occurred at the end of December as the most liquid contracts reached settlement.

[9] Source: CO_2 allowance transfers are based on information in COATS.

[10] The physical delivery volume for the third quarter of 2017 is higher than recorded in that quarter's report due to several transactions that were not reported in COATS until after data collection for the quarter had closed.

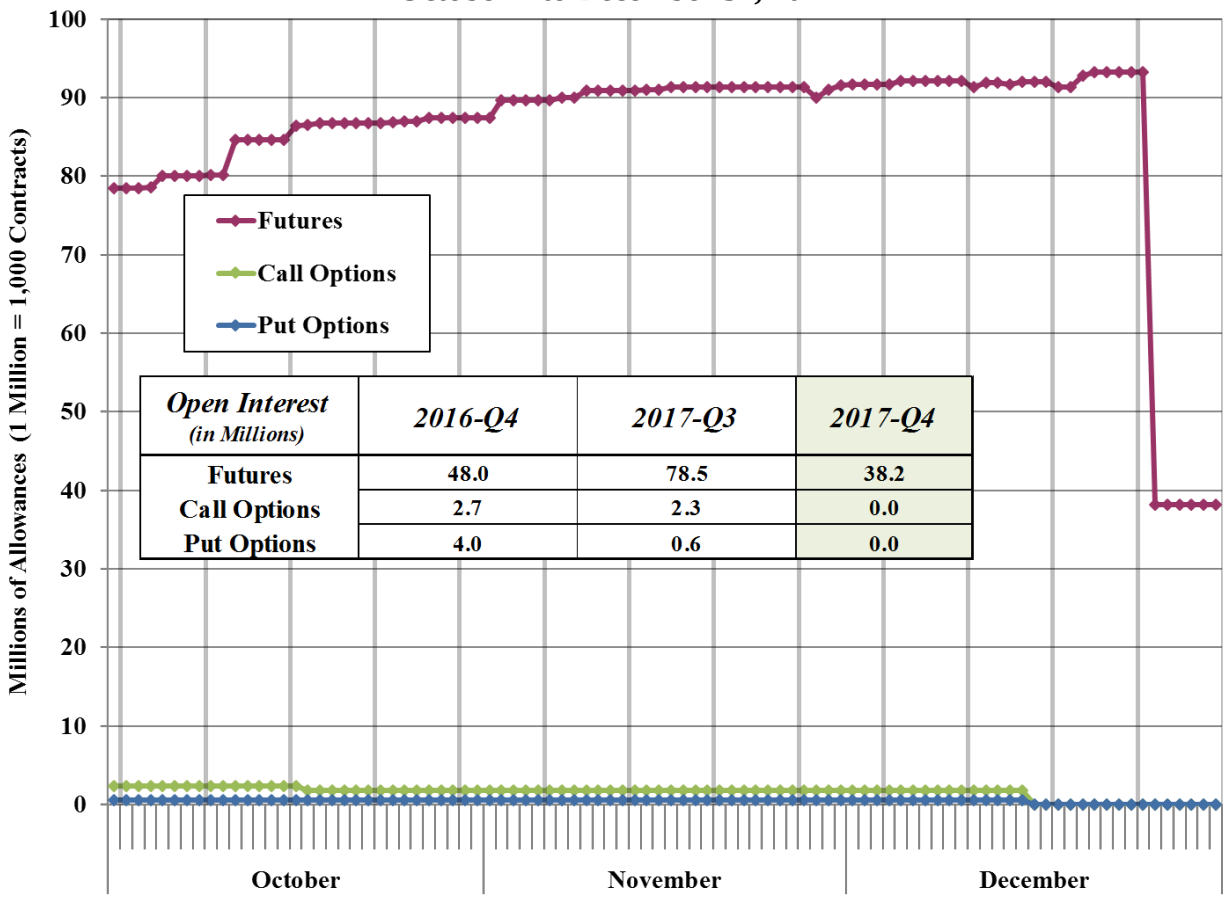
Key observations regarding the volume of trading of RGGI futures and options contracts:

- The total volume of trading of RGGI futures listed on ICE was 56.7 million CO_2 allowances in the fourth quarter of 2017, up 20 percent from the previous quarter but down 28 percent from the fourth quarter of 2016. Futures trading was elevated compared to earlier quarters in 2017 and spread more evenly than physical transfers throughout the quarter.
- Approximately 49 percent of the trading volume of futures contracts listed on ICE during the fourth quarter of 2017 was for contracts that settled during the quarter. Thus, futures trading led to increases in CO_2 allowance transfers. Additionally, 47 percent of the total volume of trading was for contracts that settled in December 2017.
- No options trades were recorded during the fourth quarter of 2017, a decrease from both the previous quarter and the fourth quarter of 2016.

Open Interest in Exchange-Traded RGGI Futures and Options

Figure 4 summarizes the level of open interest in exchange-traded futures and options listed on the ICE during the fourth quarter of 2017. The red line shows the level of open interest in futures contracts. The green line shows the level of open interest in call options. The blue line shows the level of open interest in put options.

Figure 4: Open Interest in RGGI Futures and Options
October 1 to December 31, 2017



Open Interest (in Millions)	*2016-Q4*	*2017-Q3*	*2017-Q4*
Futures	48.0	78.5	38.2
Call Options	2.7	2.3	0.0
Put Options	4.0	0.6	0.0

Key observations regarding the level of open interest in RGGI futures and options:

- The total open interest in RGGI futures decreased from 78.5 million allowances at the end of the third quarter of 2017 to 38.2 million allowances by the close of the fourth quarter of 2017.
- The open interest in RGGI call options decreased to 0 by the end of the fourth quarter.
- The open interest in RGGI put options decreased to 0 by the end of the fourth quarter.
- Overall, the level of open interest across RGGI options and futures products dropped by 53 percent at the close of the fourth quarter. This pattern is typical for futures open interest the most liquid contracts are ones for December settlement.
- Open interest in both calls and puts fell to zero contracts in mid-December since the only open interest was in option contracts with December 2017 expiration.

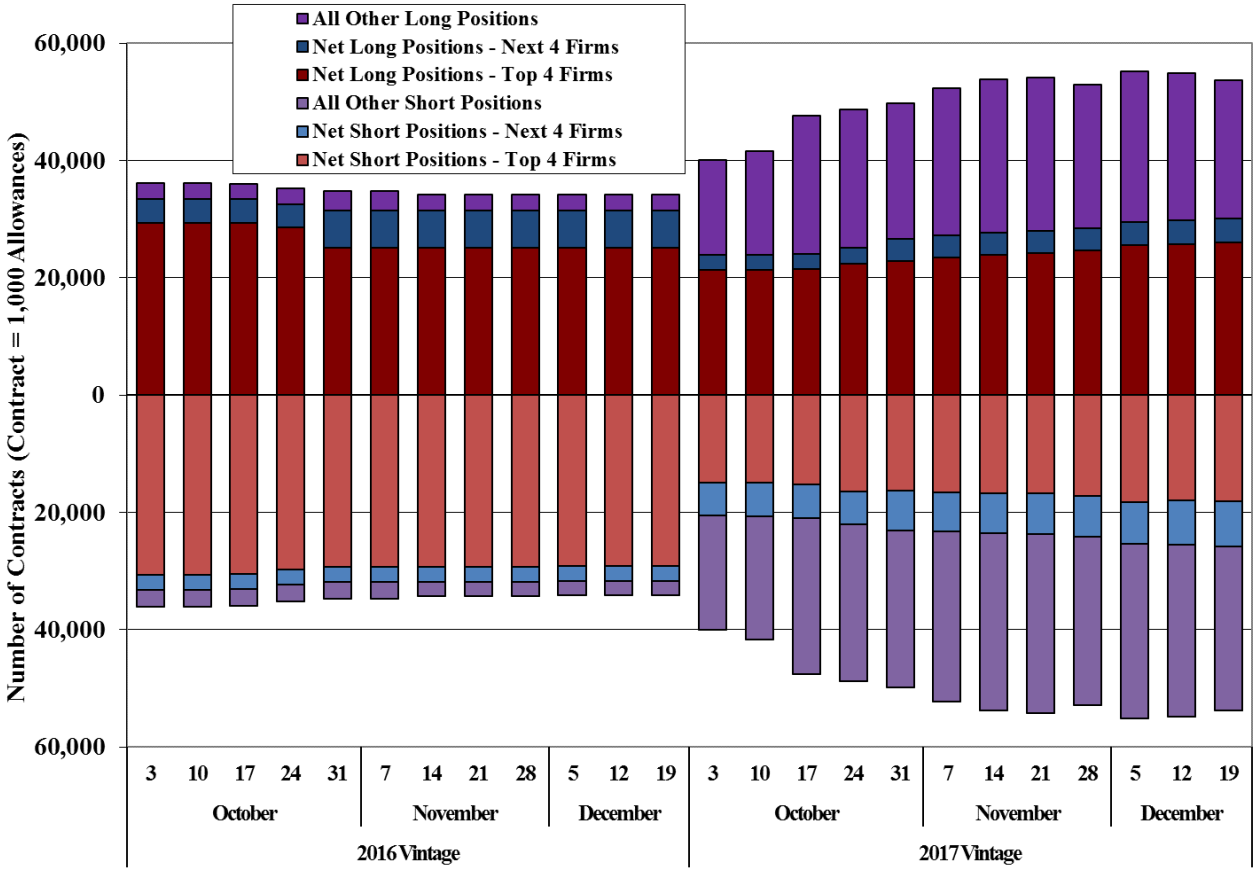
Concentration of Open Interest

Additional information about the trading of futures, forwards, and options is available in the weekly Commitments of Traders ("COT") reports, which are published by the Commodity Futures Trading Commission ("CFTC")[11] for each week when greater than 20 firms have reportable positions in a particular product.

Figure 5 summarizes the concentration of open interest in 2016 and 2017 vintage ICE futures and options contracts. The figure reports the net long positions in three categories: (i) the four firms with the largest long positions, (ii) the four firms with the largest long positions not including the Top 4, and (iii) all other long positions. The figure also reports the net short positions in three categories: (i) the four firms with the largest short positions, (ii) the four firms with the largest short positions not including the Top 4, and (iii) all other short positions.

[11] Each day, firms with an open interest of 25 contracts or more are required to report their positions to the CFTC. The CFTC categorizes each firm as Commercial if it engages in trading primarily to supply its own need for allowances or Non-Commercial if it trades for another purpose. Hence, compliance entities are generally designated as Commercial and other entities are frequently designated as Non-Commercial. Each Tuesday, the CFTC issues the COT report, which is a summary of the long and short positions of participants in the market.

Figure 5: Concentration of Open Interest in ICE Futures and Options
October 1 to December 31, 2017



Observations regarding the concentration of open interest:

- Many firms have open interest in RGGI CO_2 allowance futures and options, although a small number of firms account for large shares of the net long and short positions in 2016 and 2017 vintage contracts.
  - ✓ The "Top Four" Firms accounted for an average of 47 percent of the total net long positions in 2017 vintage contracts for the weeks shown during the quarter, while 54 percent of the total net long positions were held by eight firms.
  - ✓ The "Top Four" Firms accounted for an average of 33 percent of the total net short positions in vintage 2017 contracts for the weeks shown during the quarter, while 46 percent of the total net short positions were held by eight firms.
  - ✓ These results suggest that many firms have significant spreading positions (i.e., combinations of long and short positions of equal magnitude with different expiration dates).
  - ✓ As the open interest in 2017 vintage contracts increased in October and November, the category became less concentrated.

- ✓ The concentration of open interest in 2016 vintage contracts decreased slightly during the quarter, signaling that most of this open interest is held from earlier periods and that most trading is now in 2017 vintage contracts.
- ✓ CFTC reporting was not triggered in the final week of December due to insufficient firm participation.

- The CFTC does not publish firm-level information on open interest, although the information they publish provides an indication of the upper limits of the net long and net short positions of individual firms. Combined with firm-specific information about CO_2 allowance holdings from COATS, the information on open interest that is published by the CFTC is useful for evaluating the potential for a firm to hoard RGGI CO_2 allowances, which is discussed further in Section E.

E. Discussion of Market Monitoring

As the RGGI Market Monitor, we monitor trading in the secondary CO_2 allowance market in order to identify anticompetitive conduct. Additionally, the Commodity Futures Trading Commission ("CFTC") evaluates trading in the secondary CO_2 allowance market consistent with its role as the regulator of derivative markets in the U.S. This section discusses two types of anti-competitive conduct for which we monitor. As in previous reports on the secondary market, we find no evidence of anti-competitive conduct.

In any commodity market, one potential concern is that a firm could hoard a substantial share of the supply of a commodity to influence prices or to prevent a competitor from obtaining CO_2 allowances. Hence, we screen information on the holdings of CO_2 allowances and allowance-derivatives and the demand for allowances to identify firms that might acquire a position that raises competitive concerns. The ability of an individual firm to hoard is limited by the substantial private bank of CO_2 allowances that has been accumulated and also by the market rules, particularly the auction rules that limit the amount of allowances that can be purchased by a single party or group of affiliated parties in a single offering to 25 percent.

Another potential concern is that a firm expecting to purchase CO_2 allowances in the auction might sell a large number of futures contracts in an effort to push the price of the contracts below the competitive level. Such a firm might profit from buying a large number of CO_2 allowances in the auction at a discount if the bidding in the auction were influenced by the depressed futures price. For this to be a profitable strategy, the firm would need to be able to substantially depress the futures price with a relatively small amount of sales—an amount smaller than the amount of CO_2 allowances it planned to buy in the auction. The best protection against this strategy is a market where other firms respond by making additional purchases. Firms that are looking for an opportunity to reduce their short positions or to purchase CO_2 allowances for their future compliance needs help limit the effectiveness of a strategy to depress prices below the competitive level. Nevertheless, the CFTC has access to confidential transaction data, which allows it to monitor for evidence of manipulative conduct.