

The Limits of Interest: Financialization and the Politics of Rule-Making for Derivatives in the United States

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Abstract

This paper examines the public comments submitted to the Commodity Futures Trading Commission (CFTC) in response to rules it proposed in implementing the Dodd Frank Act over a four-year period, 2010-2014. Much of the literature on regulatory implementation emphasizes the preponderant role of concentrated industry actors compared to other groups. By examining the CFTC's efforts to create a new regulatory regime for the highly profitable derivatives business, our database allows us to compare the commenting activity of the large investment banks to a broad range of other organizations. The paper develops a more fine-grained typology of industry segments and non-industry groups than other studies of implementation have used. By combining this typology with a topic-modeling approach to the entire corpus of comments, we can map the commonalities and divergences among the different commenting groups with unusual precision. We find that the complex cross-cutting patterns within the industry sector are far less conspicuous than an unexpectedly clear cleavage in the willingness of different types of commenters to address the moral dimensions of market behavior in the derivatives business.

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