

CFRED's 30th Corporate and Finance Law Seminar:

**DO UNREGULATED SPOT OIL BENCHMARKS DRIVE
DIRECTIONAL TRADING IN BRENT FUTURES?**

by

Dr. Vito Mollica

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Chaired by: **Prof. David Donald**, *Faculty of Law, CUHK*

6 October 2016, Thursday, 12:30-2:00p.m.

The CUHK Graduate Law Centre, 2/F Bank of America Tower, 12 Harcourt Road, Central

We examine the observed response of Brent futures to the *unregulated* spot Dated Brent benchmark published by Platts. Trading activity in the futures market intensifies during the benchmark assessment. We also find directional trading in Brent futures during the benchmark price assessment window. Aligned positions and a substantially increased arrival rate of informed traders suggest that the price run-up in Brent futures, ahead of the Dated Brent publication, is induced by informed traders, able to realize an average return of up to 21 bps. Our findings underline the significance of physical commodity benchmarks as critical elements of financial markets' infrastructure.

**All are welcome!
Admission is free of charge!**

Please join us by registering your interest [here](#) by 5 October 2016.

About the Speaker:



Dr. Vito Mollica

Dr. Vito Mollica specialises in financial management and his research centres on securities market design, asset selection criteria, quantitative investment research and residential property price dynamics.

Dr Mollica is the Director of Higher Degree Research at the MGSM, and has published in leading finance and accounting journals including ABACUS, Journal of Futures Markets, and Accounting, Auditing and Accountability Journal. Dr Mollica has held various academic postings at the University of Sydney and in 2002 Dr Mollica as awarded a prestigious Marie Curie Fellowship with postings to Aarhus University, Denmark.

Dr Mollica's research resolves around industry engagement and has been used by securities exchanges to support changes to its business rules, around institutional trading, disclosure and technological enhancements. Moreover, his research in residential has contributed to the development of a patented index methodology which tracks the performance of Australian residential real estate. This initiative spearheaded the development of retail products enabling households to deleverage their balance-sheets by using less debt and more equity to fund asset purchases, while at the same time opening up the residential property asset-class to institutional investors on a diversified basis.

Dr Mollica has provided policy advice around the over-the-counter swap markets for residential real estate and regulatory proposals surrounding issues of dark pools and minimum ticks. Dr Mollica has also provided consulting services to a market surveillance and expert witness group dealing with market integrity and manipulation. Dr Mollica is also member of the \$32.3m Capital Markets CRC management team as head of marketing and communications.