

**Federal Energy Regulatory Commission  
February 16, 2006 Commission Meeting  
Statement of  
Commissioner Suedeen Kelly**

**Market Behavioral Rules (E-4, G-1, M-2, and M-3)**

“In light of this order’s rescission of Market Behavior Rule 2, I would like to talk a little bit about the specific prohibited activities listed in Market Behavior Rules 2(a), 2(b), 2(c), 2(d). Rules 2(a) through (d) prohibited wash trading; transactions predicated on submitting false information; transactions that create and relieve artificial congestion; and collusion for the purpose of market manipulation. This order does not retain such a list of specific prohibited actions because these activities are prohibited under our new anti-manipulation regulations, and subject to sanctions and remedial actions by the Commission. This order recognizes that a list of prohibited activities could not be all-inclusive, but that the lack of such a list does not dilute the reach of the Commission’s anti-manipulation rule. The Commission also may, as it gains experience with its new anti-manipulation rule, amplify the anti-manipulation regulations to add a list of specific provisions describing prohibited conduct, as the Securities and Exchange Commission has done with respect to Rule 10b-5.

I agree with the decision not to include a specific list of prohibited activities in our anti-manipulation regulations at this time. However, I recently met with RTO and ISO market monitors who informed me that having a list of examples of prohibited conduct is helpful and instructive to them in their work. Therefore, I would like to note that Commission staff is working on resources and information to be posted on the Commission’s website in the near future. This website will provide information and guidelines about complying with our anti-manipulation regulations, similar to the package of online resources that the Commission staff has prepared to assist Transmission Providers in complying with the Commission’s Standards of Conduct and Codes of Conduct. I would like to thank staff for undertaking this effort.”