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# News Release

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## Commodity Futures Trading Commission Approves the New York Mercantile Exchange's Proposal to Permit EFS Transactions

Washington, D.C. – The Commodity Futures Trading Commission (Commission) today announced that it has approved the New York Mercantile Exchange's (NYMEX) proposal to adopt new rule 6.21A, which authorizes the exchange of futures contracts for qualifying swap agreements (EFS transactions) pursuant to the terms and conditions of a three-year pilot program.

EFS transactions are similar, in several respects, to exchanges of futures contracts for physicals (EFPs), which are expressly permitted by the Commodity Exchange Act (CEAct). Under the terms of the pilot program, EFS transactions will be permitted in any NYMEX division futures contract. The swap component of the transaction must involve the commodity underlying the futures contract (or a derivative, by-product or related product of such commodity) and the quantity covered by the swap must be approximately equivalent to the quantity covered by the futures contract. The swap component must comply with Part 35 of the Commission's regulations. An EFS transaction may be negotiated and executed non-competitively by the counterparties rather than through open outcry or other competitive means.

In its submissions to the Commission concerning this proposal, NYMEX stated that EFS transactions will enhance the use of NYMEX as a risk transfer medium and centralized market and will aid in linking the on-exchange futures and off-exchange swaps markets. NYMEX also stated its belief that EFS transactions will allow market participants to manage the risks associated with their swap positions more efficiently.

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