



# Commodity Futures Trading Commission

## Office of Public Affairs

Three Lafayette Centre

1155 21st Street, NW

Washington, DC 20581

[www.cftc.gov](http://www.cftc.gov)

## Final Rule on Enhanced Risk Management Standards for Systemically Important Derivatives Clearing Organizations

The Commodity Futures Trading Commission (CFTC or Commission) is adopting rules to implement enhanced risk management standards for systemically important derivatives clearing organizations (SIDCOs).

### Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)

Section 725(c) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amends Section 5b(c)(2) of the Commodity Exchange Act (CEA) by revising certain core principles and adding new ones. The Dodd-Frank Act also allows the Commission to adopt implementing rules and regulations for the core principles pursuant to its rulemaking authority under Section 8a(5) of the CEA.

Section 805(a) of the Dodd-Frank Act allows the Commission to prescribe regulations for SIDCOs, taking into account relevant international standards. The Principles for Financial Market Infrastructures (PFMIs) are the relevant international standards,

The adoption of these rules is an important first step in making the CFTC's rules fully consistent with the PFMIs, thereby enabling SIDCOs to continue to be Qualifying Central Counterparties for purposes of Basel Committee on Banking Supervision bank capital standards.

### Financial Resources

The rules require a SIDCO that is involved in activities with a more complex risk profile or that is systemically important in multiple jurisdictions to maintain sufficient financial resources to enable it to meet its financial obligations to its clearing members notwithstanding a default by the two clearing members (including their affiliates) creating the largest combined financial exposure for the SIDCO in extreme but plausible market conditions (a Cover Two requirement).

The rules also prohibit a SIDCO from using assessment powers (i.e., committed but unfunded resources) in calculating its financial resources available to meet the Cover Two requirement.

### System Safeguards

The rules require a SIDCO's business continuity and disaster recovery plan to have the objective of enabling the SIDCO to recover its operations and resume daily processing, clearing, and settlement no later than two hours following a disruption, including a wide-scale disruption.

## **Special Enforcement Authority**

The rules implement special enforcement authority over SIDCOs granted to the Commission under section 807(c) of the Dodd-Frank Act, which states that for purposes of enforcing the provisions of Title VIII of the Dodd-Frank Act, a SIDCO is subject to, and the Commission has authority under, provisions (b) through (n) of section 8 of the Federal Deposit Insurance Act in the same manner and to the same extent as if the SIDCO were an insured depository institution and the Commission were the appropriate Federal banking agency for such insured depository institution.