



# 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)

## Q & A – Reporting, Recordkeeping, and Daily Trading Records Requirements for Swap Dealers and Major Swap Participants

### **What is the goal of the rulemaking?**

The Dodd-Frank Act establishes reporting, recordkeeping, and daily trading records requirements for swap dealers and major swap participants and requires the CFTC to adopt rules prescribing the records to be maintained by swap dealers and major swap participants and the required reporting by such entities. The goal of the final rulemaking is to set forth the records to be maintained by swap dealers and major swap participants and required reporting by such entities.

### **What registrants are covered by the final regulations?**

The final regulations would apply to swap dealers and major swap participants.

### **Were comments from the public received on the final regulations?**

The Commission received approximately 14 comment letters following publication of the proposal in the Federal Register.

### **What are the daily trading record requirements?**

The final rules set forth daily trading record requirements, which include trade information related to pre-execution, execution, and post-execution data. The final rule requires swap dealers and major swap participants to ensure (1) that they preserve all information necessary to conduct a comprehensive and accurate trade reconstruction for each swap, and (2) that they maintain each transaction record as in a form identifiable and searchable by transaction and counterparty.

Pre-execution trade information includes records of all oral and written communications that lead to the execution of a swap, whether communicated by telephone, voicemail, facsimile, instant messaging, chat rooms, electronic mail, mobile device, or other digital or electronic media. This rule requires swap dealers and major swap participants to maintain recordings of telephone calls and other communications created in the normal course of its business, but would not establish an affirmative new requirement to create recordings of all telephone conversations if the required recordkeeping is met through other means, such as electronic messaging or trading.



# 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)

## Q & A – Final Rule on Duties for Swap Dealers and Major Swap Participants

### What is the goal of the final rulemaking?

The Dodd-Frank Act sets forth certain duties for swap dealers and major swap participants, including the duty to:

- monitor trading to prevent violations of applicable position limits;
- establish risk management procedures adequate for managing the day-to-day business of the swap dealer or major swap participant;
- disclose to the Commission and to applicable prudential regulators general information relating to swap trading practices and financial integrity;
- establish and enforce internal systems and procedures to obtain information needed to perform all of the duties prescribed by Commission regulations;
- implement conflicts of interest systems and procedures; and
- refrain from taking any action that would result in an unreasonable restraint of trade or impose a material anticompetitive burden on trading or clearing.

The goal of the final rulemaking is to set forth business conduct standards for swap dealers and major swap participants to ensure compliance with the aforementioned duties.

### What registrants are covered by the final regulations?

The final regulations apply to swap dealers and major swap participants.

### Were comments from the public received on the final regulations?

Approximately 20 comment letters were received following publication of the proposed rules in the Federal Register.

### Do the final risk management procedures account for the size and complexity of a swap dealer or major swap participant?

Yes. The Commission recognizes that an individual firm must have the flexibility to implement specific policies and procedures unique to its circumstances. The final regulations establish the general parameters for the design, implementation, review, and testing of a swap dealer's or major swap participant's risk management program, as well as a limited number of additional elements that the Commission believes are essential to an appropriate risk management program.



# 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)

## Q & A – Final Rule on Conflicts of Interest for Swap Dealers, Major Swap Participants, Futures Commission Merchants, and Introducing Brokers

### **What is the goal of the final rulemaking?**

Sections 731 and 732 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amend the Commodity Exchange Act (CEA) by directing swap dealers, major swap participants, futures commission merchants, and introducing brokers to implement certain conflicts of interest systems and procedures that establish safeguards within the firm. The goal of the final rulemaking is to promulgate the requirements for such conflicts of interest systems and procedures.

### **What registrants are covered by the final regulations?**

The final regulations will apply to swap dealers, major swap participants, futures commission merchants, and introducing brokers.

### **Were comments from the public received on the final regulations?**

Yes. The Commission received approximately 55 comment letters following publication of the proposal in the Federal Register

### **Do the final rules require informational partitions surrounding any person who engages in “research or analysis of the price or market,” regardless of whether such research or analysis is to be made part of a research report that may be publicly disseminated?**

No. The Commission believes that sections 731 and 732 with respect to “research or analysis of the price or market” primarily are intended to prevent persons involved in pricing, trading or clearing activities from exercising undue influence on the substance of research reports that may be publicly disseminated.

### **If an entity is dually registered as a swap dealer or major swap participant, and as a futures commission merchant, will the requirements for establishing informational partitions between business trading units and clearing units still apply, even though the units reside within the same entity?**

Yes. The final regulations are intended to apply not only to situations in which a swap dealer or major swap participant is affiliated with a futures commission merchant, but also to a situation in which an entity is dually registered both as a swap dealer or major swap participant and as a futures commission merchant. Such dual registrants will be required to establish informational partitions between business trading units and clearing units located within the same entity.



# 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)

### Q & A – Final Rule on Designation of Chief Compliance Officer and Preparation of Annual Compliance Report

#### **What is the goal of the final rulemaking?**

The goal of the final rulemaking is to implement the Dodd-Frank Act's requirements on designation, qualifications, and duties of a chief compliance officer (CCO) as well the requirements relating to the annual compliance report, to be prepared by the chief compliance officer and furnished to the Commission.

#### **What is the purpose of the position of chief compliance officer?**

The purpose of a CCO is to establish and administer the compliance policies of the registrant, take reasonable steps to ensure compliance of the registrant, and resolve conflicts of interest within the organization. The CCO is not intended to act as a substitute for audit staff, back office staff, external auditors, or the chief financial officer.

#### **What is the purpose of the required annual compliance report?**

The purpose of the annual compliance report is to detail both the compliance policies of the registrant, and to describe any non-compliance events that occurred during the last reporting period along with the action taken to address the event. The annual report is intended to promote compliance behavior by requiring a registrant to conduct a periodic self-evaluation and to inform the Commission of possible compliance weaknesses that should be addressed.