



Commodity Futures Trading Commission

Office of Public Affairs

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Q & A – Customer Clearing Documentation and Timing of Acceptance for Clearing

What is the goal of the proposed rulemaking?

The goal of the proposed rulemaking is to facilitate customer access to clearing and minimize the time between submission and acceptance or rejection of trades for clearing by DCOs and clearing members.

How would the proposed rulemaking affect clearing documentation?

The proposed rulemaking would prohibit arrangements involving futures commission merchants (FCMs), swap dealers (SDs), major swap participants (MSPs), or derivatives clearing organizations (DCOs) that would (a) disclose to an FCM, SD, or MSP the identity of a customer's original executing counterparty; (b) limit the number of counterparties with whom a customer may enter into a trade; (c) restrict the size of the position a customer may take with any individual counterparty, apart from an overall credit limit for all positions held by the customer at the FCM; (d) impair a customer's access to execution of a trade on terms that have a reasonable relationship to the best terms available; or (e) prevent compliance with specified time frames for acceptance of trades into clearing.

How would the proposed rulemaking affect the timing of acceptance for clearing?

The proposed rulemaking would also (1) permit DCOs to screen trades against applicable product and credit criteria before accepting or rejecting them "as quickly as would be technologically practicable if fully automated systems were used;" (2) require DCOs to coordinate with clearing members to establish systems for prompt processing of trades, and (3) require reciprocal coordination with DCOs by FCMs, SDs, and MSPs that are clearing members.

What registrants are covered by the proposed rulemaking?

The proposed regulations would apply to swap dealers, major swap participants, and futures commission merchants that are clearing members, and derivatives clearing organizations.

By when must comments on the rules be submitted?

Comments on the rules must be submitted within sixty (60) days of the publication of the proposal in the Federal Register.

Is the Commission requiring automatic trade processing?

No. The proposed rules are intended to establish a performance standard, not the prescription of a particular method of trade processing. The Commission expects that fully automated systems will be in place at some DCOs, FCMs, SDs, and MSPs. Others might have systems with some manual steps. The proposed rules would accommodate trade processing with manual steps provided that the process could operate within the same time frame as automated systems.