



Commodity Futures Trading Commission

Office of Public Affairs

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Proposed Rule on Registration of Intermediaries

The Commodity Futures Trading Commission (CFTC or Commission) will consider for publication in the Federal Register proposed rules that will generally (1) amend provisions concerning the registration of intermediaries to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act, and (2) streamline and update these same provisions. The proposed rule is authorized by provisions of the Commodity Exchange Act (CEA), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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

On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Among other things, the Dodd-Frank Act amended the CEA as follows:

- The market category Derivatives Transaction Execution Facility was abolished, and the market category Swap Execution Facility was added.
- The statutory definitions of Swap Dealer, Major Swap Participant, and Associated Person of a Swap Dealer or Major Swap Participant were added.

The proposal would conform Part 3 of the Commission's regulations to the Dodd-Frank Act by referencing the new market category and statutory definitions, and deleting references to the abolished market category

Originally adopted in 1980, Part 3 sets forth registration requirements for intermediaries, exemptions from registration, required updates to registrant information, and withdrawal from registration.

As proposed, new Part 3 would remove all references to Derivatives Transaction Execution Facility, and selectively add references to Swap Execution Facility, Swap Dealer, and Major Swap Participant where appropriate. Also, the proposal would exempt an Associated Person of a Swap Dealer or Major Swap Participant from registering as a Swap Dealer or Major Swap Participant.

In anticipation of possible new registrants that are foreign-domiciled, an existing exemption from being listed as a principal in certain circumstances would be expanded to foreign banks that are otherwise regulated. Likewise, an existing exemption from being registered as a futures commission merchant would be expanded to foreign brokers and other foreign intermediaries that execute a transaction on a Swap Execution Facility on behalf of non-U.S. persons. The purpose of these exemptions would be to create uniformity in the treatment of previously regulated and newly regulated commodity interest transactions.

In addition, the proposal would streamline Part 3 of the Commission's regulations to consolidate provisions, improve the predictability of re-registration requirements, improve the consistency of terms, update cross-references, and remove typos

The current Part 3 does not explicitly state when re-registration is required in circumstances where there is a change in principal, a change in an entity's legal name, or a change in an entity's form of organization. The proposal would more fully address these requirements for re-registration, and preserve existing safe harbors, leading to increased transparency and predictability for registrants.

Additionally, in anticipation of an influx of new registrants under the Dodd-Frank Act, various provisions in Part 3 have been consolidated or moved to improve the readability of the regulations. Finally, terms were harmonized to improve the consistency of the definitions, and outdated items were modernized to reflect current registration practices.