



# Commodity Futures Trading Commission

## Office of Public Affairs

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## Q & A – Proposed Rules Regarding Margin for Uncleared Swaps

### **Would the proposed rules impose margin requirements on commercial end users?**

No. The rules would not impose any margin requirements on commercial end users, defined under the proposed rules as non-financial entities. The proposed rules would distinguish between financial entities and non-financial entities. The definition of financial entity is based on section 2(h)(7)(C) of the Commodity Exchange Act, which addresses the exemption from mandatory clearing. An SD/MSP would collect initial and variation margin from a non-financial entity only to the extent the parties had mutually agreed to this in their privately-negotiated credit support arrangements.

### **Would commercial end users be permitted to post non-cash collateral with SD/MSPs?**

Yes. Commercial end user, defined as non-financial entities, would be permitted to post non-cash collateral to the extent permitted in their privately-negotiated credit support arrangements.

### **What products would the proposed rules cover?**

The rules would apply to uncleared swaps entered into after the effective date of the regulation. The proposal would not apply retroactively.

### **Did the Commission consult with other US authorities in developing these rules?**

Yes. Staff of the Commission consulted with staff of the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Farm Credit Administration, and the Federal Housing Finance Agency (collectively, the prudential regulators) in developing these rules. Staff of the Securities and Exchange Commission also participated in these consultations. The Commission and the prudential regulators have attempted to make their respective proposals comparable to the maximum extent practicable.