



Commodity Futures Trading Commission

Office of Public Affairs

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Proposed Rulemaking Q & A – Conflicts of Interest for Swap Dealers, Major Swap Participants, Futures Commission Merchants, and Introducing Brokers

What is the goal of the proposed 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 proposed rulemaking is to promulgate the requirements for such conflicts of interest systems and procedures.

What registrants are covered by the proposed regulations?

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

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.

Do the proposed 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 proposed 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.