



Commodity Futures Trading Commission

Office of Public Affairs

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Proposed Rulemaking Q & A – Duties for Swap Dealers and Major Swap Participants

What is the goal of the proposed rulemaking?

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

- 1) monitor trading to prevent violations of applicable position limits;
- 2) establish risk management procedures adequate for managing the day-to-day business of the swap dealer or major swap participant;
- 3) disclose to the Commission and to applicable prudential regulators general information relating to swap trading practices and financial integrity;
- 4) establish and enforce internal systems and procedures to obtain information needed to perform all of the duties prescribed by Commission regulations;
- 5) implement conflicts of interest systems and procedures; and
- 6) 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 proposed 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 proposed regulations?

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

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 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 proposed regulations would 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.