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Contact: John C. Phillips or R. David Gary, (202) 418-5080 • Fax: (202) 418-5525

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News Release

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CFTC Approves Rules Implementing New Regulatory Framework

Washington -- The Commodity Futures Trading Commission (CFTC) has approved final rules that will implement a new regulatory framework for futures markets. Under the new regulatory framework, the current "one-size-fits-all" regulations will be replaced with broad, flexible "Core Principles." In addition, three regulatory tiers will be established for the markets: recognized futures exchanges (RFE), derivatives transactions facilities (DTF), and exempt multilateral transaction execution facilities (MTEF). The Commission expects the three tiers to match the degree of regulation to the varying nature of the products and the customers trading in the markets.

The Commission also approved a new regulatory framework for clearing organizations designed to reduce systemic risk. Specifically, clearing organizations overseen by the CFTC, U.S. banking regulators, the Securities and Exchange Commission, or foreign regulators will be permitted to clear transactions executed on exempt MTEFs and to clear bilateral transactions.

Further, in order to provide greater legal certainty to the OTC derivatives markets, the Commission expanded and clarified the operation of its Part 35 Exemption for Swap Agreements. Specifically, the Commission today adopted amendments that will permit transactions executed pursuant to Part 35 to be fungible, standardized, and cleared.

After today's Commission action, Chairman Rainer commented:

"Today's action by the Commission represents an important step in revamping the CFTC's approach to regulation. I believe that the new rules and rule amendments adopted by the Commission today will result in the flexible regulatory framework necessary for the U.S. futures markets to respond successfully to the myriad of challenges facing them today. I also believe that today's actions will enhance the legal certainty of OTC derivative transactions."

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Continuing his remarks, Chairman Rainer stated:

"While today's Commission action was very important, it in no way diminishes the need for Congressional action this year on HR 4541, the Commodity Futures Modernization Act. This legislation is necessary to permit single-stock futures to trade in the United States and to provide complete legal certainty for OTC derivative transactions."

Copies of the final rules and rule amendments can be obtained by accessing the CFTC's website at <http://www.cftc.gov/opa/regulatory.htm>.

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