



Commodity Futures Trading Commission

Office of Public Affairs

Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
www.cftc.gov

Q & A – Final Rule on Derivatives Clearing Organization General Provisions and Core Principles

What does the rulemaking do?

This rulemaking implements Section 725 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which revised the core principles applicable to derivatives clearing organizations (DCOs) registered with the Commission.

The rulemaking finalizes regulations that were proposed in five separate notices of proposed rulemaking: Requirements for Processing, Clearing, and Transfer of Customer Positions (March 10, 2011); Risk Management Requirements for DCOs (Jan. 20, 2011); Information Management Requirements for DCOs (Dec. 15, 2010); General Regulations for DCOs (Dec. 13, 2010); and Financial Resources Requirements for DCOs (Oct. 14, 2010).

Many regulations will be adopted largely as proposed, although a number of provisions have been revised or eliminated upon further consideration in light of the comments received. The regulations are designed to strike an appropriate balance between establishing general prudential standards and specific requirements, and reflect a careful consideration of the associated costs and benefits.

Who must comply with the final regulations?

The regulations apply to all DCOs registered with the Commission and any entity that wishes to apply for registration as a DCO.

What matters are addressed in this rulemaking?

The matters addressed include Core Principles A (Compliance), B (Financial Resources), C (Participant and Product Eligibility), D (Risk Management), E (Settlement Procedures), F (Treatment of Funds), G (Default Rules and Procedures), H (Rule Enforcement), I (System Safeguards), J (Reporting), K (Recordkeeping), L (Public Information), M (Information Sharing), N (Antitrust Considerations), and R (Legal Risk). The remaining core principles will be addressed in a separate rulemaking.

The regulations also establish requirements for DCO chief compliance officers and revise the application procedures for DCO registration.