



Commodity Futures Trading Commission

Office of Public Affairs

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Proposed Rules on Reporting, Recordkeeping, Public Information and Information Sharing Requirements for DCOs

The Commodity Futures Trading Commission (Commission) is proposing rules which codify and clarify the reporting, recordkeeping, public information and information-sharing core principles for derivatives clearing organizations (DCOs).

Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)

Section 731 of the Dodd-Frank Act amends the Commodity Exchange Act (CEA) by amending DCO Core Principles J (reporting), K (recordkeeping), L (public information) and M (information sharing).

Reporting

The proposed rulemaking has two types of reporting requirements: (1) periodic and (2) event-specific (where the reporting requirement is triggered by the occurrence of a specific event).

(1) Periodic

- There are 3 time frames for periodic reporting: daily, quarterly and annually.
- The daily reporting requirement would require certain information regarding margin, cash flows and end-of-day positions to be reported to the Commission on a daily basis by the morning of the following business day. This requirement would provide the Commission with essential information that a DCO has readily available as part of its regular business activities.
- The quarterly reporting requirement restates the financial resources quarterly reporting requirements that were proposed in October (75 FR 63113 (Oct. 14, 2010)).
- The annual reporting requirements address the chief compliance officer annual compliance report as required by the Dodd-Frank Act. They also require that audited year-end financial statements be filed with the Commission by each DCO.

(2) Event-Specific

- The second category of reporting requirements in this proposed rulemaking relates to event-specific reports. Many of these reports can be categorized as relating to either significant financial changes at the DCO or problems arising with a clearing member.
- For example, a DCO would be required to report certain substantial decreases in ownership equity, financial resources or working capital.
- The other category requires a report to the Commission when there are issues ranging from a clearing member delaying initial margin payments to a clearing member default.

Recordkeeping

The proposed regulations codify the statutory language with additional clarification and specifically require maintenance of all records generated pursuant to Part 39 of the Commission's regulations (governing DCOs). The rulemaking also includes a cross-reference to the Commission's technical and procedural recordkeeping requirements in Regulation 1.31.

Public Information

The proposed regulations codify the statutory language with additional clarification. The proposed rules would require providing and making available certain information to allow market participants to assess the risks associated with using the services of the DCO. In particular, the proposed rules would require publicly disclosing information, including clearing fees, margin methodology, financial resources, daily trading information, and rules and procedures. Certain information would also be required to be made readily available to the public.

Information Sharing

The proposed rules would codify the statutory provisions of Core Principle M in substantially the same form.