



# Commodity Futures Trading Commission

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## Proposed Rules Regarding Registration of Swap Dealers and Major Swap Participants

The Commodity Futures Trading Commission (CFTC) announced the publication in the Federal Register of proposed regulations concerning the registration process for swaps dealers and major swap participants. These proposed rules implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**On July 21, 2010, the Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act. Among other things, section 731 of the Dodd-Frank Act added section 4s to the CEA to:**

- Require the registration of persons who are “swap dealers” and “major swap participants.” This requirement is found in new CEA section 4s(a).
- Prohibit a swap dealer or major swap participant from permitting any person to associate with it who is subject to a statutory disqualification “if the swap dealer or major swap participant knew, or in the exercise of reasonable care should have known, of the statutory disqualification.” This prohibition is found in new CEA section 4s(b)(6).

Additionally, section 716 of the Dodd-Frank Act prohibits an insured depository institution (IDI) from receiving Federal assistance if it is also a swap dealer that engages in swaps activities that are not covered by the exclusion in paragraph (d) of that section.

- Under section 716(c), an IDI can retain its access to Federal assistance if it transfers covered activities to a non-IDI affiliate (Push-Out Affiliate) that is a swap dealer or major swap participant, if the affiliate complies with the requirements of section 716(c), including such requirements as the CFTC may establish.
- The Push-Out Affiliate, however, would not have access to Federal assistance.

### Comment period

On November 10, 2010, the Commission proposed rules to implement section 731 of the Dodd-Frank Act, proposing a comprehensive regulatory scheme for the registration process for swap dealers and major swap participants.

The comment period closes on [insert 60 days from publication in FR].

### The Commission's proposed rules:

- Establish a process for the registration of swap dealers and major swap participants, including a provisional registration pending effectiveness of final definitional rules and rules implementing compliance requirements under CEA section 4s;
- Require swap dealers and major swap participants to become and remain members of a registered futures association;
- Subject Push-Out Affiliates to the foregoing requirements (while not proposing any specific rules with respect to their activities); and
- Prohibit a swap dealer or major swap participant from permitting to associate with it a person who is subject to a statutory disqualification.