UNITED STATES OF AMERICA

COMMODITY FUTURES TRADING COMMISSION

OPEN MEETING ON TWO FINAL RULE PROPOSALS
UNDER THE DODD-FRANK WALL STREET REFORM
AND CONSUMER PROTECTION ACT

Washington, D.C.

Tuesday, December 20, 2011
PARTICIPANTS:

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BART CHILTON, Commissioner
MARK WETJEN, Commissioner
JILL E. SOMMERS, Commissioner
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Presentation No. 1: Final Rule on Swap Data Recordkeeping and Reporting Requirements

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Presentation No. 2: Final Rule on Real-Time Reporting of Swap Transaction Data

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CHAIRMAN GENSLER: Good morning. This meeting will come to order. This is a public meeting of the Commodity Futures Trading Commission to consider final rules under Dodd-Frank Act. I'd like to welcome members of the public, market participants, members of the media, as well as those listening to the meeting on the phone, and watching the webcast.

I'd like to thank each of Commissioners Sommers, Chilton, O'Malia, and Wetjen for their significant contribution in the rule-writing process, and particularly, though, today, I want to thank the CFTC's hardworking and dedicated staff.

Under Dodd-Frank, this agency has been tasked to overseeing the swaps market, as you've heard me say probably often, a market seven times the size of the futures market, and far more complex. And the staff is working incredibly long and hard hours to consider public comment, to
consider input, to get these rules balances, not
against a clock, but to get these new rules of the
road in place to make these markets more
transparent for the public and safer for the
American public.

I particularly want to express my
gratitude, and I think it's probably the
sentiments of all the Commissioners, that we hope
that everybody at the CFTC and their families have
a happy holidays in this holiday period. But it's
the staff that truly makes all of us in this
Commission better informed, makes any rules that
we consider and actions we do more balanced and
thoughtful, and, frankly, makes us look good, and
I want to thank you.

As the year draws to a close, I'd also
like to reflect on just this past year for a
moment, and what's been accomplished. This time
last year, the agency was writing proposals, and I
think Commissioner O'Malia was telling me about
Macie's Christmas gift list. In fact, I think
that was at the December 16th meeting, just one
year ago. Now, the CFTC has substantially completed that proposal phase, and last summer, we turned the corner and started towards finalizing rules. And, so far, actually, have considered and finalized -- including some that were early on -- 20 final rules, and, potentially, with the two rules on transparency today, maybe 22.

Now, we have much to do after the first of the year, and we're working to complete these rules, as I say, thoughtfully, and not against a clock, and having received 27,000 public comment letters now; well over 1,100 meetings; and 14 roundtables. And more roundtables -- there will definitely be more roundtables on some subjects we've announced. They'll be additional staff roundtables, as the staff comes forward and makes recommendations for additional roundtables on further Dodd-Frank subjects and even non-Dodd-Frank subjects. I think we benefit from these staff roundtables.

Some of the major rules we finalized in the transparency field, even before today -- large
trader reporting and swap data repository
registration -- and both of those rules have
actually gone effective. We've started to receive
large trader information, starting November 21st
of this year. And we've also had several entities
now start the process of registering a swap data
repository. And importantly, I would note that as
we finalized the large trader reporting rule, many
of the people sitting at this table right here --
John Rodgers, who heads up our technology efforts,
Rich Shilts, and others from the Division of
Market Oversight; I suspect many others -- reached
out to market participants to ease the process of
compliance. They had a regular dialogue -- I
think it was weekly, if not twice a week -- and
staff also developed a guidebook of data
standards, which can be found on our website. In
a similar fashion, if we are to finalize the rules
today on data reporting, the staff will do the
same thing here, and I hope the market
participants will -- as they did -- graciously
make themselves available to those phone calls,
and we'd look to put out guidebooks and so forth, as well.

We've also finalized rules giving us more authority to effectively prosecute wrongdoers who recklessly manipulate markets and also rules rewarding whistleblowers, and these were effective August 15th and October 25th. And the whistleblower office here at the CFTC is now up, and we have a new director in place, which we're very pleased joined us just in the last -- I guess it was in the last week and a half or so.

We have rules establishing risk management and other requirements of clearing organizations, and those go effective over a period of time throughout 2012 because we phased much of that implementation. We finalized position limit rules that similarly have a phasing over a period of time, and critically await us finalizing other rule -- the definition rules. I hope that we can move on those soon, but it's likely that we'll move on the entity definitions. I know Commissioner Chilton will keep asking me
about product definitions and we're working with
the SEC on that. But I think entity definitions
will tee up with the SEC in January, but product
definitions probably after that.

And we've also completed rules earlier
this month on enhancing customer protection
regarding investments of their funds. We hope to,
in January, to take up further rules with regard
to the segregation and protection of segregation
for cleared swaps, as well.

But today, we're looking at Swap Data
Recordkeeping and Reporting and Real-Time
Reporting Rules. We did notice last week for this
meeting an additional exemptive relief, which the
ing five of us signed off on yesterday, so we won't
need to take that up today. But this exemptive
relief is regarding the effective dates of
Dodd-Frank. Just as we'd done in June or July of
this past year, we wanted to give the markets
relief that until we finalize our rules that they
can continue, in essence, along the path that
they've been on. And so, we've finalized
exemptive relief yesterday, providing market
participants that certainty.

In terms of today, I'll have statements
of support for each of the rules, but in a
nutshell, I think that they're both critical rules
and go to the heart of what Congress wanted to
address here, it's transparency. And one of the
rules today is transparency to the regulators and
the other is transparency to the public. Both are
critically important because the more transparent
a marketplace, the more liquid it is, the more
competitive it is, and I think when it's more open
and transparent, all the end-users get the benefit
of lower costs in the marketplace. But, also,
this first panel is going to talk to the data that
goes to the data repositories for the regulators.
That's critical so that the regulators and not
just the CFTC can oversee the markets, police the
markets for fraud and manipulation, but also
regulators can see the data and help assess the
risks in the system to the American public.

And I think that today, critically,
we're going to move forward on both of these rules, as many of the Commissioners wanted to do at the same time. There is a significant phasing, as the teams will go through, but the phasing, in some instances, goes out two and three years. But the initial dates do start I think it's July 16th of next year. So, even the first dates are out six or seven months.

And I think this will give regulators important information. By contract, in the '08 crisis, there was a lack of market information to regulators and lack of market information to the public on this critical $300 trillion derivatives marketplace.

I think today -- with that, I'm probably just going to turn it over to Commissioner Sommers.

COMMISSIONER SOMMERS: Thank you, Mr. Chairman. And, as always, thank the teams that have worked so hard to have the rules that we have before us today. Both of these rules are fairly large and very complex, and I understand how hard
you've worked to have them before us today. So, really appreciate everything you've done so far.

Today, we are considering very important data, recordkeeping, and reporting rules that are critical to ensuring that swap market activity is transparent to regulators and market participants alike. The rules that we are voting on today seek to strike a balance between obtaining necessary and timely market data while attempting to minimize the associated costs and burdens on markets and market participants. Make no mistake, these rules certainly have costs associated with them, but swap data recordkeeping and reporting are mandated by Dodd-Frank. Our job as regulators is to understand that legislative mandate, to identify the regulatory objectives that will give effect to that mandate, and set out to achieve those objectives in the least costly and burdensome way.

For the swap data recordkeeping and reporting rules to function properly, we need to ensure there is consistency among domestic and
international regulators when it comes to unique
swap identifiers, unique product identifies, and
legal entity identifiers. I appreciate all the
work and consultation that has been done in this
area, and I am encouraged that we are heading in
the right direction. I look forward to discussing
how we can ensure consistency among our domestic
and international colleagues. I supported the
data recordkeeping and reporting requirements that
were proposed last November, and I intend to
support the final rules today.

I did not vote for the real-time
reporting proposals last December. Among my
concerns were the differences between our proposed
rules and the SEC's proposed rules, the block
trade provisions, and the 15-minute time delay
for reporting block trades. I am pleased that we
will be re-proposing the block provisions, and
that we have substantially revised the time delay
provisions. Comment letters addressing these
areas were very helpful and deserve credit for the
Commission adopting a much more reasonable
approach in the final rules. I hope we follow this model in the future and adopt final rules that are much more reasonable than the rules we have initially proposed.

When it comes to swaps markets, I believe a reasonable, measured approach is critical. Swap markets developed without our involvement -- and we have little experience with these markets -- the truth is, we don't know what the full impact of our rules will be and don't know whether the assumptions we operate under are valid. Given this knowledge gap, it makes more sense to start with a broader, more flexible approach, and become narrower and more restrictive only as it is necessary and after we have sufficient experience and data to make these decisions.

I intend to vote for the real-time reporting rules but do have a couple of questions for the team. I want to hear about our cooperation and coordination with domestic and international regulators and whether we expect
there will be inconsistencies; how the timing of
reporting requirements will work in the context of
transactions that are executed and confirmed
between parties in time zones halfway around the
world; and whether we have any analysis that
suggests the time delays we are setting in these
final rules are the correct time delays.

One last point I would like to make

applies to a broader set of rules than the rules
we are considering today. The preamble of the
real-time reporting rules state that, a swap is
economically related to a single contract, if it
utilizes as its sole floating reference price, the
prices generated directly or indirectly from the
price of a single contract. The term is not
defined in the rule text. The term "economically
related" as well as "economically fungible" are
also terms used in the context of other rules.
The term "economically equivalent swap" appears in
the Commission's final position limit rules,
without much of a definition, and just two weeks
ago the Commission voted on rules relating to the
determining whether a swap is made available to
trade. Those proposed rules direct DCMs and SEFs
to determine whether a swap is "economically
equivalent" with another swap after considering
each swap’s material pricing terms, defining
"economically related," "economically fungible,"
and "economically equivalent" in a consistent way
across all rules is important. If critical terms
such as these are used in multiple places in
Commission rules, the terms should have the same
meaning each time they are used. I am not sure we
have fully articulated definitions of these three
very similar, yet different terms. I have
concerns regarding the market implications as we
continue to finalize rules without fully defining
these similar terms.

Thank you, again, to all the teams, and
I look forward to the discussions.

CHAIRMAN GENSLER: Thank you,
Commissioner Sommers. Thank you, particularly, on
the three different references to economically
equivalent, fungible, and others, and I'm sure
once I get back from vacation, I'll get briefed on all of that. But it's a good point.

Commissioner Chilton?

COMMISSIONER CHILTON: Thanks, Mr. Chairman. Morning. Three points today. One, that this is an iterative process. As Commissioner Sommers was just talking about, we've taken the Block Trading Rule out of what we're doing today and it's because, under no uncertain terms, were we told that we got it wrong, quite frankly. And so, as we've said -- many of us over the last year -- if we get it wrong, we're going to acknowledge it and go back and try to rework it. So, it's been an iterative process to date, and the first point I want to make today is that it needs to be an iterative process as we go forward, also, that maybe there's something we don't know. Maybe we will learn something right away in what we've done, and we need to further clarify. I'm not saying we would do another rule, but we have options for interpretation, et cetera. And I'm not suggesting that these rules, in particular,
raise any specific concerns in that regard. I'm just saying that we don't check these off and say we're done with that; forget about it. It needs to continue to be an iterative process as we good forward with the implementation.

The second point is that -- and I've talked about this a little bit before, but these are another good two rules that show that there actually is economic activity that's generated through Dodd-Frank rulemaking. It's easy in this town to paint things as black and white -- and you hear a lot of people talk about the job-killing Dodd-Frank Bill -- and we've done many rules that actually will create economic activity, and it's a case here today. For example, with regard to the swaps data repositories, third parties will be allowed to further analyze that data and come up with all sorts of innovative things that they may wish to sell. And so, that's one example.

Another example would be the LEI -- the legal entity identifier and -- which is really historic. I mean, we are essentially creating a
Dewey decimal system for derivatives here -- first time ever -- and we have worked with our international colleagues on this. This isn't just the U.S. coming up with it. And there are all sorts of economic values that will come in the U.S., I think, because we're doing it first, but I think also to the industry globally.

And then, the last point -- and the LEI is a good example of this -- there's a story -- Jeremy Grant wrote a story today in the FT and it says, well, maybe they're not moving forward in the EU as fast as people had anticipated, and maybe we're going to not move as fast. I think people shouldn't get the impression that we are somehow slowing down because there's not an interest. The mandate of Dodd-Frank is alive and well here. We know what we're supposed to do. So, don't confuse thoughtful with a lessened interest. We're being thoughtful in what we're doing. We're helping to create an environment for economic activity. So, anyway, we're on the ground. We're doing it, and today's just another
example, I think, of how the process actually has worked well.

    Thanks, Mr. Chairman.

CHAIRMAN GENSLER: Thanks, Commissioner Chilton. Commissioner O'Malia? And we can find out about Macie.

COMMISSIONER O'MALIA: No chance on Macie. No reports on a Christmas list. She has been pretty good. It's day-by-day.

CHAIRMAN GENSLER: All right.

COMMISSIONER O'MALIA: All across America, families are trekking to the mall looking for the perfect Christmas and Hanukkah presents. The most sought-after holiday gifts are the high-tech gadgets. These gadgets are promised to make life better by staying in touch, staying informed, and, of course, looking cool.

Therefore, it is fitting that the Commission is devoting the first night of Hanukkah and last few days of Christmas to gifting two final rules on data and technology. Both rules enhance the quality and quantity of information available
regulators, market participants, and public at large.

The rules have as their goal improved transparency, price discovery, and market integrity. I have no doubt that the data is critical to performing our oversight mission, and our investment in technology is critical if we are to perform our mission competently. And I will have a couple of questions regarding technology and where we are in our investment.

I greatly appreciate the cooperation of the Commission staff and thank both rule teams for their hard work to develop these rules in much greater flexibility than the proposals. I intend to support both rules. I believe both of these rules, in their final iterations, have made great strides to accommodate market participants' input, while balancing the needs of the Commission's own needs. I remain, however, concerned that the frustrating -- with the frustrating complexity, which is amplified by the fact that several key definitions have yet to be finalized and the
re-proposals have yet to be revealed.

However, I believe it is an appropriate time to put these rules out in order to permit technology build-outs to occur on both sides, the market and the Commission.

Today's two rules serve two important goals. The first, important swap transaction, level data, will be made available to the market to improve transparency, price discovery, and market integrity. Second, reporting will fulfill our own regulatory mandate, including systemic risk mitigation, market monitoring, and market abuse prevention.

I recognize these rules will require market participants to build out complex and costly technology systems. And I think Commissioner Chilton and I see two sides of the same coin: The cost-benefit and analyses of both rules identify that each rule will impose costs of more than $100 million on the American economy, thus making each rule a major rule.

Including these rules, this brings our
current total of major rules promulgated by the
Commission to seven, which means that the handful
of Dodd-Frank rules we've addressed so far have a
minimum impact on the American economy of at least
$700 million. Even with these substantial costs,
the final rules did take into account many
important steps to minimize the burden and to
avoid redundant reporting requirements as compared
to their draft proposals.

The two final rules have harmonized
their implementation and compliance timelines to
avoid forcing market participants to meet
disparate deadlines. For each of the rules, I
would like to outline some of the specific changes
that were made to accommodate the comments offered
by market participants, which were very helpful.

The final data keeping rule requires
reporting of important swap data at a swap's
creation and over the course of its life. All
essential data will be provided in a timely
fashion so that regulators have an up-to-date
picture of a given swap at any point.
The first improvement to a rule is the streamlined reporting approach, where reporting is done by the reporting counterparty that the Commission believe has the easiest, fastest, and cheapest access to data. Importantly, for swaps executed on a SEF or DCM -- designated contract market -- and then cleared, reporting counterparties no longer need to report any creation data to SDR and this will eliminate redundant reporting.

Second, the rule provides staggered reporting timelines depending on the asset class and the status of the counterparty. This phasing recognizes the many significant differences between asset classes and the counterparties.

Third, the final rule now leaves certain technical decisions to the market. First, market participants have discretion to determine whether to report information on a life cycle or snapshot basis for any asset class. Second, it allows counterparties to report data to an SDR in any electronic normalized format acceptable to the
SDR. These revisions recognize industry practices and afford much needed flexibility.

With regard to the real-time rule, I was particularly skeptical when this proposal was introduced in November of 2010. The proposed rule was vague, fell short of providing concrete direction, and did not follow statutory requirements that any rules we prescribe take into account whether public disclosure of such swap information will reduce market liquidity -- a significant concern of the end-user communities and a statutory requirement. While I remain concerned about the complexity of this rule, as well the interconnection with the upcoming re-proposal regarding block sizes, I believe this rule has significantly improved from its draft form.

This rule provides for reasonable interim solutions, such as universal time delays and interim caps on the reporting of notional and principal amounts until such time as appropriate minimum block sizes are established when the rules
are finalized. These interim solutions are necessary to protect market participants conducting bilateral swaps in more illiquid markets through an upcoming re-proposal.

The real-time public reporting rule addresses many concerns that were expressed by end-users. Specifically, the rule provides a longer time delay for end-users that are reporting parties to come into compliance with the real-time reporting requirements. Additionally, the final rules provide for the phasing in of longer time delays with respect to bilateral swaps in which at least one party is an end-user. As such end-users may not have the technology or infrastructure readily available to report such swaps to the SDR.

The final rules, data fields, and time delays have been coordinated with the swap data rule and recordkeeping rules, thus enabling end-users to mitigate costs in reporting swap data to an SDR.

I suspect that many participants will find the reporting timetables, which are both
participant- and asset class-dependent, confusing, and is frankly too long and too complex to attempt to describe in this statement. So, I'll ask the team to do that. However, I believe the rule is far more accommodating than the proposal.

I understand the market will still have many questions related to the reporting of block sizes and provisions relating to public dissemination of off-facility swaps. These rules will be coming, including the re-proposal of the block rule.

There are certainly many market participants who will benefit from a more focused dialogue with these new rules. I do appreciate the hard work of the teams and certainly their patience in helping me understand these confusing rules.

I would like to wish all my colleagues and the Commission staff a very happy and safe holiday going forward. Thank you.

CHAIRMAN GENSLER: Thank you,
Commissioner Wetjen?

COMMISSIONER WETJEN: Thank you, Chairman Gensler. Thank you, also, the professional staff for their efforts on these rules. A tremendous amount of work has gone into these technical and detailed rulemakings, and I appreciate that you have remained open to changes concerning the recommendations before us.

The recent financial crisis was caused, in part, by a dearth of information about derivatives exposures throughout the financial markets. The two rules before us today are intended to increase transparency and to help us avoid the type of market disruption experienced in 2008.

This isn't part of my prepared remarks, but I was actually serving in Congress during the fall of 2008, and know from experience just how big of a challenge it was that the regulatory community did not have information about derivatives exposures, and I think the more important point about this that had they had that
information -- it's not clear for sure, but
perhaps -- both the regulators and Congress might
have responded differently to the crisis. So, I
think what we're doing here is extremely
important.

First, the regulatory reporting rules
ensure that the Commission has the necessary
information to monitor systemic risks and craft
appropriate regulatory responses when needed.
Second, the real-time reporting rules equalize
access to pricing information, which will benefit
commercial firms and consumers.

I also will be supporting both final
rules. But I am mindful of the potential effects
of the public-reporting rule that have been
raised in the comment letters and during my
meetings with market participants. Congress
itself recognized that post-trade transparency,
though essential, could impair market liquidity in
some circumstances and instructed that our final
reporting rules account for this risk. We are,
therefore, faced with potentially conflicting
objectives. Congress directed us to "make swap transaction and pricing data available to the public," but it also directed that we protect the anonymity of counterparties and avoid reporting requirements and timelines that diminish liquidity or adversely affect pricing.

I believe, however, that the staff's final recommendations strike an appropriate balance between these objectives. They set forth a measured reporting regime that is consistent with the language and intent of the Dodd-Frank Act. In order to protect market liquidity, the public reporting rules permit delayed reporting of swap transactions and will phase-in the implementation of shorter delays over a limited timeframe. In effect, all trades will be reported as block transactions until the Commission later establishes large notional and block thresholds, and does so in a manner that accounts for liquidity differences between and within asset classes.

Today's regulations also establish
specific rounding conventions and permit the
masking of trades above preliminary thresholds to
account for execution and hedging risks and to
protect the identity of market participants. This
draws on the success of the TRACE model in the
fixed income markets. And I am pleased that the
regulations were revised to differentiate between
market participants and to further differentiate
between asset classes, with important anonymity
protections for swaps in certain physical
commodities.

Commercial end-users and small market
participants will not carry the reporting
obligations in most cases. Where they do, they
will be given additional time and will be able to
report in a single, coordinated transmission to
the swap data repository of their choice.

With respect to the regulatory reporting
rules, the Commission is taking important first
steps that will lead to the development of
universal legal entity, product, and swap
identifiers. This information will enable the
Commission and other regulators to aggregate data and effectively perform regulatory responsibilities. Having comprehensive swap data in a standardized format is essential to assessing systemic risk, conducting market surveillance, and supervising market participants.

As a final note, I am cognizant of the fact that these rules may not provide absolute clarity on every point, notwithstanding the staff's laudable work to make them as comprehensive but flexible as possible. To be sure, there are a wide variety of participants in these markets. There must be reporting consistency if we are to fully realize the benefits of transparency, and the application of these rules likely will require ongoing guidance to those responsible for compliance. The staff has assured me that it will continue to engage with the public and market participants throughout the implementation process.

I want to thank the staff again for their commitment in this regard, and for their
hard work on these rules. Thank you.

CHAIRMAN GENSLER: Thank you,

Commissioner Wetjen. Thank all the Commissioners
and excellent team. You know, we could introduce,
or just -- who's going to take the lead, David?

So, David Taylor, who's been our team
lead; Anne Schubert, who also seems to be in each
of our offices on this rule; Rick Shilts and
Andrei Kirilenko and John Rodgers, who are all
division directors of market oversight, our chief
economist, and our technology -- because this rule
has really been a collaboration around market
oversight, economics, and all of the economists
have been involved in this, it's just remarkable,
and data. And then Dan and -- well, see, Dan
Berkovitz, you didn't want to be at the table
anymore. Bill Banwo is here instead -- all right
-- the real person in the Office of General
Counsel. So is it, David, you're going to take
the lead?

MR. TAYLOR: Good morning, Mr. Chairman
and Commissioners. Before I begin, I would like
to thank my fellow team members for their help in preparing the final rule I'm about to present, dedicated staff from the Divisions of Market Oversight, Enforcement, Clearing and Risk, and Swap Dealer, and Intermediary Oversight; and from the Offices of International Affairs, the General Counsel, the Chief Economist; and last, but not least, Data and Technology, including staff from Chicago and New York, as well as Washington, were essential to completing this final rule.

Today's staff is recommending that the Commission adopt a final rule regarding swap data recordkeeping and reporting requirements, a rule we believe is crucial to fulfilling the transparency, market supervision, and systemic risk mitigation purposes of the Dodd-Frank Act. This final rule will govern the reporting of swap data to swap data repositories, or SDRs. Its fundamental goal is to ensure that complete data concerning all swaps subject to the Commission's jurisdiction is maintained in SDRs, where it will not be disclosed publicly, but will be available
In preparing this final rule, staff has considered and evaluated the 75 comment letters received, as well as extensive input from roundtable participants and consultations with U.S. and international regulators. We especially focused on comments regarding ways that recordkeeping and reporting burdens could be reduced.

The final rule maintains the fundamental aspects of the proposed rule issued by the Commission in December last year. It also adjusts a number of aspects of the rule to streamline reporting and minimize burdens where possible, especially for swap counterparties who are not swap dealers or major swap participants, while continuing to require swap data reporting that will fulfill the objectives of the Dodd-Frank Act.

The recordkeeping provisions of the final rule are based on the Commission's existing recordkeeping regulations. The rule generally calls for registered entities and counterparties
to keep records relating to swaps throughout the existence of each swap and for five years following final termination of the swap. Records kept by registered entities, swap dealers, and major swap participants must be readily accessible during the life of the swap and for two years thereafter and retrievable from storage within three business days during the remainder of the retention period. To reduce recordkeeping burdens, the final rule permits non-SD/MSP counterparties to keep records in either electronic or paper form and requires that such counterparties be able to retrieve records within five business days throughout the retention period.

The data reporting provisions of the final rule require reporting of swap data from each of two important stages of the existence of a swap -- the creation of the swap and the continuation of the swap over its existence until its final termination. To ensure timeliness, accuracy, and completeness with respect to data,
the rule requires reporting of two types of data relating to the creation of a swap. The primary economic terms of the swap verified or matched by the counterparties at or shortly after the time of execution, and all of the terms of the swap included in the legal confirmation. To ensure inclusion of primary economic terms necessary for regulatory purposes, the rule specifies minimum primary economic terms -- or, as it's now called, PET data -- that must be reported for swaps in each asset class.

The final rule requires continuation data reporting over the life of the swap. This includes reporting of all changes to the primary economic terms of the swap and reporting of the valuation of the swap.

The final rule, as some Commissioners noted this morning, adopts a streamlined reporting regime that requires reporting by the registered entities or swap counterparties that the Commission believes have the easiest, fastest, and cheapest access to data, and those most likely to
have the necessary automated systems. The purpose
of this regime is to reduce the burden on all
market participants and enhance market efficiency
while continuing to fulfill the purposes of the
Dodd-Frank Act.

Here are several important ways in which
this is achieved. For swaps executed on a SEF or
DCM and cleared by a DCO, non-SD/MSP
counterparties will have no reporting obligations,
and dealers and MSPs will only required to report
valuation data. SEFs and DCMs will report all
creation data as soon as technologically
practicable after execution, and DCOs will report
continuation data.

For facility swaps, the DCO will report
both creation data and continuation data if the
swap is accepted for clearing within the deadline
for PET data reporting by the reporting
counterparty. This will provide an incentive for
increased clearing of swaps. Here to, non-SD/MSP
counterparties have no reporting obligations.

Where a counterparty is required to
report, the rules minimize the reporting burden by providing that the reporting counterparty is a dealer or an MSP, wherever possible. In response to comments, the final rule makes foreign SDs or MSPs the reporting counterparty. When neither counterparty is an SD or MSP, but one is a financial entity as defined in the Dodd-Frank Act, in response to comments the rule makes the financial entity the reporting counterparty.

The reporting deadlines in the final rule are coordinated with the dissemination delays in the Part 43 Real-Time Reporting Rule in order to reduce burdens by permitting a registered entity or reporting counterparty to fulfill obligations under both rules by making a single report.

The final rule also extends and phases in reporting deadlines; for example, where the longest proposed rule deadline for reporting by a non-SD/MSP counterparty was 24 hours, the final rule calls for reporting within 48 business hours during the first year of reporting, 36 business
hours during the second year, and 24 business
hours thereafter. These deadlines now exclude
hours on weekend days and legal holidays, as
requested by commenters. Deadlines for SDs and
MSPs, while shorter, are also phased in over three
years, and longer deadlines are provided in the
more complex, other commodities asset class.

The final rule calls for reporting
changes to the primary economic terms of a swap
during its continuation in a manner that ensures
that data in the SDR remains current and accurate.
Where the proposed rule required use of the life
cycle reporting method in certain asset classes
and use of the snapshot reporting method in
others, the final rule does not mandate either
method and leaves the choice to market
participants in order to reduce burdens.
Non-SD/MSP reporting counterparties will not be
required to report valuation data for cleared
swaps. That will be done by the DCO. And for
uncleared swaps, they will only be required to
report valuation data on a quarterly rather than a
daily basis. While the proposed rule called for possible reporting related to contract intrinsic data, master agreements, credit support agreements, and collateral, the final rule does not require such reporting.

The final rule follows the proposed rule in calling for reporting of three unique identifies: A unique swap identified, or USI, that will tie together all data reported for a given swap; a legal entity identifier, or LEI, that will provide a precise, universal means of identifying the counterparties to each swap; and a unique product identifier, or UPI, and product classification system that will identify the underlying asset or assets of each swap. These identifiers will be crucial regulatory tools for linking data together across counterparties' asset classes, repositories, and transactions, so that regulators can actually use the data and SDRs to fulfill the purposes of the Dodd-Frank Act.

The final rule takes a first touch approach to USI creation but excuses non-SD/MSP
reporting counterparties from this task. The rule
takes note of the substantial progress toward an
international LEI made by a global industry
initiative and by international regulators. It
also sets out technical and governance principles
and reference data requirements for the LEI to be
used in recordkeeping and reporting under the
Commission's jurisdiction. The rule also provides
for Commission designation of a UPI and product
classification system, when a system meeting
Commission requirements has been developed.

To prevent data fragmentation, the final
rule requires that all data for a given swap must
be reported to a single SDR, the one to which data
is first reported for the swap. The final rule
follows the proposed rule in permitting
third-party facilitation of data reporting, in
providing for reporting to the Commission if there
should be an asset class for which no SDR accepts
data, and in providing for reporting of errors and
omissions discovered in previously reported data.

In response to comments, the final rule
permits voluntary supplemental reporting by market participants not required to report and provides for minimum information to be included in such reports in order to prevent double counting of the swaps involved.

The final rule follows the proposed rule with respect to required data standards, directing SDRs to provide data to the Commission in the format required by the Commission, while permitting SDRs to accept data in various formats.

Finally, the final rule responds to comments by phasing in the beginning of compliance by asset class and by counterparty type. It establishes three compliance dates: Compliance date one, the date on which registered entities, dealers, and MSPs must begin compliance with respect to swaps in the credit and interest rate asset classes, will be the later of July 16, 2012, or 60 days after issuance of Commission definitions of swap, swap dealer, and major swap participant; compliance date two, the date on which registered entities, dealers, and MSPs must
begin compliance for swaps in the equity foreign
exchange, and other commodity asset classes will
be 90 calendar days after compliance date one;
compliance date three, the date on which
non-SD/MSP counterparties must begin compliance in
all asset classes will be 90 calendar days after
compliance date two and 180 calendar days after
compliance date one. This will give non-SD/MSP
counterparties additional time to develop and test
automated systems and prepare for compliance, and
these dates are the same compliance dates in the
Part 43 Real-Time Rule, so that, again, these
reporting obligations can be aligned.

That concludes my remarks, and we will
be happy to answer any questions you may have.

CHAIRMAN GENSLER: Thank you, David, and
the team. The Chair will now entertain a motion
to accept the staff recommendation concerning the
final rule on data reporting.

MR. SHILTS: So moved.

COMMISSIONER CHILTON: Second.

CHAIRMAN GENSLER: As I had mentioned, I
support this rule and enormously grateful to the
team and the public that's given so much input. I
do have a few questions, if I might?
First, this rule addresses all of the
swap data that happens after the effective dates,
starting, I guess, next July 16th for some part of
the market. Is that correct?
MR. TAYLOR: Yes.
CHAIRMAN GENSbler: So, for the
pre-effective date swaps, whether they're prior to
the President signing the bill in July of 2010,
which will call pre-enactment swaps, are the swaps
entered into after the enactment, but before the
effective date, which I gather we have another
term called -- what's it's called -- transition
swaps?
MR. TAYLOR: Historic, yeah.
CHAIRMAN GENSbler: What are they called?
MR. TAYLOR: You have pre-enactment
swaps and transition swaps, together those are
historical swaps.
CHAIRMAN GENSbler: All right. So, while
I'll use your term historical swaps, I gather, but if you can tell the public this does not yet address the historical swaps, and we need to come back to do something which is Part 46, or does this address historical swaps?

    MR. TAYLOR: No, that's correct, Mr. Chairman. Historical swaps will be addressed by a companion rule. I'm sure all five of you will be delighted to know it is a smaller rule that will be forthcoming early in the new year, and it will be in Part 46.

    CHAIRMAN GENSLER: Okay. So, I look forward, and I'm sure the other Commissioners, after you take a well-deserved holiday break, that we see what you want to recommend to us on the historical swaps.

    My second question is, do you know if the Federal Register prints color?

    MR. TAYLOR: I don't, and we're going to ask about that. We will try to find a way to show the color differences in black and white --

    CHAIRMAN GENSLER: Well, if I can --
MR. TAYLOR: -- if we can.

CHAIRMAN GENSLER: -- I mean, this is just one example of one of the color charts of implementation phasing that this team has put in. But can you maybe assure, if not by today, by tomorrow, but hopefully today, you get these -- this chart on implementation phasing and also you have on pages 70 and 72 these wonderful diagrams, that they be up on our website, so that -- and this partly addresses Commissioner O'Malia's concern that I think that the team has done an excellent job about implementation phasing and thinking that this is not one size fits all. If it's an interest rate swap and it's done on a swap execution facility and it's cleared, that's one circumstance that's going to be effective July 16th next year and would be reported pretty readily to a data repository. If on the other end of the spectrum it's two energy firms that are not swap dealers, and they're doing something that's a customized trade, that's not cleared, they're going to get a lot
more time, and it's going to be very different.
And I think these pages on 70, 72 -- and the
Federal Register may or may not do color, but our
website does, and if you can put these up, I think
it'd be helpful, too, and partially addresses
Commissioner's O'Malia's point, but it helped me a
lot.

And then I have two other questions. In
all of this you talk about interest rate swaps,
and I take it that when you define rates, that
includes cross-currency swaps, is that correct?

MR. TAYLOR: That's correct, and that
was in response to a number of comments from the
market.

CHAIRMAN GENSLER: Okay. But then
separately, on what's called FX swaps, which is a
separate category, can you tell me what happens?
How does this rule tie into what the Treasury may
be doing about FX swaps?

MR. TAYLOR: My understanding, Mr.
Chairman, is that Dodd-Frank itself provided that
regardless of what the Treasury may do in
exempting FX transactions, they will have to be reported to SDRs. So, the rule follows the Act in that respect.

CHAIRMAN GENSLER: Okay.

MR. TAYLOR: The remaining transactions, it would fit into that asset class we put together as foreign exchange transactions, one part of which is what the bill defines as a foreign exchange swap, and we provide for reporting of those.

CHAIRMAN GENSLER: And that reporting, if I recall, starts nine months after, so it would be starting October 16th instead of July 16th, is that correct?

MR. TAYLOR: That's correct.

CHAIRMAN GENSLER: And then, the last question, David, and I apologize, it's just a technical clean up. Could you look at Page 228? And I noted this just as I was walking in the room to you, if later you could take a look to see if there's one phrase in this paragraph A which is for a non-swap dealer counterparty that is a
financial entity under 2h(7) that I just wonder --
this might be a technical clean up -- maybe needs
to also be in next paragraph B, as I was rereading
this last night.

MR. TAYLOR: We'll be happy to take a
look, Mr. Chairman and make a technical
correction, if needed. I think it's correct the
way it reads, and I actually think it reads the
way it reads because of a request you made.

CHAIRMAN GENSLER: It might well be --

MR. TAYLOR: It's --

CHAIRMAN GENSLER: -- that I don't
remember, but just take a look to see if there's
any technical thing.

MR. TAYLOR: The key there is in the
next paragraph, subparagraph B. We are granting
extra time, but we're only -- you know, a longer
reporting deadline, but we're only doing it for
somebody who's not a dealer MSP, is not a
financial. So, that's why it's in one paragraph
and not the other.

CHAIRMAN GENSLER: Yeah, the end-users
that we've all -- following congressional intent

MR. TAYLOR: Yes.

CHAIRMAN GENSER: -- giving a lot of
deferece to. This gives that deference, you
think?

MR. TAYLOR: Yes.

CHAIRMAN GENSER: Okay. Good. That's
just really why I'm raising it.

Commissioner Sommers?

COMMISSIONER SOMMERS: Thank you, again,
to this team and to David for all that he has done
with regard to coordination with international
regulators, and that's really the focus of my
questions today.

David, I guess my first question would
be, if you could explain what you've done so far
to coordinate with international regulators and
whether you believe there will be any
inconsistencies in what we are doing today and
what they -- we hope -- eventually will do.

MR. TAYLOR: Thank you, Commissioner.
We have had, as you noted, an extensive series of coordination meetings, not only with the SEC and the OFR in the United States about international aspects of this, but with a series -- we met with international regulators from 25 countries -- I won't read the whole list -- but the Financial Stability Board, the International Monetary Fund, the Bank for International Settlements, the OTC Derivatives Regulators Forum, and the OTC Derivatives Supervisors Group, the European Central Bank, the European Commission, like five other European organizations, the International Organization for Standardization and the Association of National Numbering Agencies. And the CFTC also chaired the CPSS-IOSCO Data Task Force that has produced a report ultimately for the G-20 about data reporting to repositories and, in particular, that recommended the LEI. We actually drafted the LEI sections of that report. Our principals for the LEI are very closely aligned with the principles in the OFR Policy Statement in the CPSS-IOSCO data report with the
approach that the SEC is taking and with the principles that have been discussed at the recent FSB-led LEI workshop, and that are being discussed now by an FSB-led small expert group that is preparing recommendations for international governance of the LEI system.

In some sense, we're going first. This rule, to my knowledge, is going to be the first one in the world that fulfills the commitment that the G-20 made right after the financial crisis that all OTC derivatives should be reported to trade repositories by the end of 2012. So, I can't entirely answer whether we are precisely aligned with everyone else because we're first. But, to our knowledge, we've coordinated as closely as possible.

COMMISSIONER SOMMERS: Thank you. And certainly cannot express how much appreciation we have because I know it hasn't been easy, but it doesn't work if there isn't global adherence to these standards. I mean, it's -- the usefulness dissipates considerably if we're the only ones
doing this. So, appreciate all your hard work there.

With regard to the LEI utility, I had some concerns regarding the governance of that body and would hope that you could explain how we intend to ensure that this utility is abiding by the standards and principles that have been set out by international regulators.

MR. TAYLOR: Sure. That concern, Commissioner, is shared by regulators across the world, and it has really driven -- it drove things in the CPSS-IOSCO Task Force. It drove the holding of the international LEI workshop that the FSB led at the end of September, and it is driving a group that the G-20 asked to have formed, a small group of international regulatory experts on this issue that had its first meeting earlier this month. The Commission is participating in that group and is going to come out by April -- which that may seem like a long time to some of us sitting here, but, trust me, in the international context, that is lightening speed -- with some
clear recommendations for the governance and control of the utility that will issue LEIs.

The point is, really, the LEI, to be fully effective, needs to be a global LEI. It needs a consensus and an adoption by the whole world, and it needs, therefore, to come from a single source. But that means that regulators, starting with the Commission -- because we, again, are first in the world to mandate the use of the LEI by means of a rule, but other regulators will have the same interests -- need a way to ensure that throughout its operation, the whole LEI system follows governance principles that have been laid down by regulators.

So, we've very carefully laid out in the rule governance principles that must be followed by any LEI whose use we mandate. We've also noted that the Commission will have a means to embody later any further principles for governance that come out of the international meetings on this subject.

COMMISSIONER SOMMERS: Do you foresee
any sort of complications with compliance if there
is more delays with other countries implementing
their rules? So, you know, even though our
deadlines are either July or 60 days after the
definitions, what if other countries aren't until
2013? Does that create complications for us or
for the workability of this?

MR. TAYLOR: And let me ask, are you
focused still on LEIs or more generally?

COMMISSIONER SOMMERS: I think in
general.

MR. TAYLOR: We have both the advantages
and disadvantages of being the trailblazers, but I
think this will work in practice. A great number
of swaps are subject to our jurisdiction, and I
believe we're giving appropriate lead time for the
industry to prepare, once they've seen this rule,
to set up and test their automated systems, so
that reporting can actually work when it is
supposed to start in the phased approach that
we've taken. And we do have the advantage that
the swaps marketplace, unlike regulators, is
international. So, major firms are going to set
up to comply where they must with this rule, and I
think that will help in future phases.

My understanding, in general, is that
the rules that are coming in our wake -- for
instance, the European Commission will be doing
rules over the course of the next year; are going
to be taking the same fundamental approach that we
take -- they may differ in some details, but this
phased approach actually may have benefits.
Lessons can be learned from our lead and taken
into account. As Commission Chilton mentioned
earlier, this will remain an iterative process and
we will have ways to make adjustments when we see
they're needed.

COMMISSIONER SOMMERS: Thank you.

CHAIRMAN GENSLER: Thank you,
Commissioner Sommers. I might add that Jackie
Mesa and I were honored to be over in this
collective meeting in Paris that had been
arranged, and you've done so much internationally,
as well, and at the meeting, we informed folks
that we were likely to consider this rule. They'd
all received an actual document, the actual draft
text -- Hong Kong, Singapore, Japan, Canada,
Europe, the U.S. Did I miss anybody, Jackie?
So, we've gotten whatever feedback
directly in the text, but, as David said, we'll be
a little ahead of them in timing. And on the LEI,
they were very constructive and felt it was -- I
mean, it's an international organization. We're
not going to run this, right? We're not running
the LEI, somebody else is.
MR. TAYLOR: The whole world will do it
together in the end.
CHAIRMAN GENSLER: Yeah, okay.
Commissioner Chilton?
COMMISSIONER CHILTON: Thank you.
David, I had a colloquy with Mr. Radhakrishnan in
an earlier meeting concerning the issue of
bundling, and it's my understanding that our
intent is to treat DCOs and SDRs equally in this.
I know it's not recognized specifically in this
rule, but is that your understanding, as well,
with regard to this rule?

MR. TAYLOR: Yes, Commissioner. I think, in general, that's correct. Although I should say, our rule does not specifically address a bundling rule issue. We wouldn't be the right rule to do that.

My understanding is that the SDR rule, which is already final, bars bundling of services by an SDR. And maybe for the public I should just explain briefly. We're not allowing SDRs to say if you want to report data to us, that's fine, but you also have to buy our expensive back-office services or, you know, some other service that we offer. You have to be able to come and simply buy the reporting service, if that's all you want to do. And I know some market participants have urged the Commission to apply that same principle with DCOs. That would, my understanding, have to be done in rules for DCOs. It's not a swap data reporting rule issue.

COMMISSIONER CHILTON: Good. Thank you. I have another question regarding competition.
This bundling is competition, too, but the rule says that SDRs have to make the pricing data available in a non-discriminatory manner through the Internet or through some other electronic data feed that is widely published, in a machine readable format, and they should do this as technologically practicable.

And so, my question is, in part, this keeps the SDRs from playing favorites by giving somebody a competitive advantage over someone else; what recourse do market participants have if they are concerned that an SDR is not providing the information in either a user-friendly readable format or not making the information available as technologically practicable?

MR. TAYLOR: That's actually, probably, in my view, the best question of the day because I get to pass it off. That's actually Part 43.

COMMISSIONER CHILTON: Oh, okay. Okay.

MR. TAYLOR: Our data --

COMMISSIONER CHILTON: Yeah, I'm sorry.

I'm confused.
MR. TAYLOR: -- is invisible to the public, it's just visible to regulators. It's the part that goes out in real-time reporting that would involve that.

COMMISSIONER CHILTON: Yeah, yeah, yeah, right. Okay. Thank you.

We allow in here for voluntary reporting, which was sort of new to me and I was sort of surprised when we were briefed on it that people were interested in a voluntary reporting. Can you talk about that a little bit?

MR. TAYLOR: Sure. I think we were mildly surprised, as well. Although I will say allowing voluntary supplemental reports, as we're calling them, is another way that we're aligning ourselves as closely as we can with international regulators. As you probably know, most of the rest of the world, it is one difference we have with them. Most of the rest of the world, as I understand it, is intending to require both counterparties to report. That's what's going on in voluntary reporting in rates and credit now.
There are some obvious advantages to that in terms of, you know, double-checking the accuracy and currency of the data, but there's a greater burden involved.

The Dodd-Frank Act calls for a single reporting counterparty regime, and so, we have followed that, although nothing in the Act prohibits voluntary additional reporting. And we actually got several comments asking us to confirm that voluntary reporting by people not required to report was permitted and that we should provide for that. We heard from end-users, from repositories, from international regulators, and from roundtable participants, all suggesting that. We found it was technologically feasible to do that, and it could have benefits for data accuracy and also for counterparty business processes. And so, what we've done in the rule is to say we will permit these reports, but we built in a modest set of safeguards to be sure there's no double counting.

If you're making a voluntary
supplemental report, you need to include an indication that this is a VSR. You need to include the USI for the swap that was officially reported, so that the records can be linked up and it's not double counted. You need to include the identity of the SDR, where the first report went, if this voluntary report is going somewhere else. You need to include the LEI of the counterparties. Just enough data to be sure you can sync up these records.

This is also going to be useful in the international context because the law, in some other countries, may require a counterparty, who for us is a non-reporting counterparty, to report somewhere else, and that, therefore, links up with the way we addressed what we call international swaps in that context. We'll be able to exchange our USI with the identifier used in another country, so that both sides don't double count.

COMMISSIONER CHILTON: I really commend you and the team for coming up with something that's adaptable to that, and I just think it's an
interesting note that people want to voluntarily report. This isn't a mandate for some folks and they want to voluntarily report.

And I have one other question. Mr. Kirilenko, even today, we've talked about the size of the swaps market that Chairman said 300 trillion, Bloomberg reported it was 700 trillion. Do you have an idea or do you have a source what you think the size of the swaps -- the OTC swaps market is?

MR. KIRILENKO: I think the latest number that's -- and it links very closely to this day when we're going -- and we have these rules in front of the Commission that have to do with reporting. So, at some point, we'll actually know for sure what the size of this market is. The latest number that has sort of been used is a number reported by the Bank for International Settlements, which is the number based on the survey. So, the bank goes out and does a survey of market participants, and that number, I believe, is a little bit over $700 trillion in
notional.

COMMISSIONER CHILTON: Okay. And maybe 300 will be our part of the --

CHAIRMAN GENSLER: I was just referencing that the U.S. size is judged to be somewhere about half of it --

SPEAKER: Yeah.

CHAIRMAN GENSLER: -- but also the controller of the currency has historically surveyed the top 25 -- or maybe it's the top 50, I'm not sure --

MR. KIRILENKO: Institutions, right?

CHAIRMAN GENSLER: Yeah, bank holding companies. And that adds up to about -- in the U.S. -- just under 300 trillion. That data's about six months old.

COMMISSIONER CHILTON: The reason I ask is for two reasons. One, part of the whole -- and Commissioner Wetjen had to deal with this when he was Hill, but, you know, part of the diatribe against Dodd-Frank was if you pass all these rules, you know, the swaps market is going to
shrivel up and die. And it actually -- in
actuality, it's been the other way, that's it's
actually grown, it's expanded. And so, I'm not
saying that there's a direct cause and effect, but
it certainly didn't have what some of the
naysayers said, the impact that it might have.

And the second point is that while you
have these numbers -- and of anybody in this
entire building, I'm glad our chief economist has
the numbers, but there's still some discrepancy as
to what numbers we're talking about, and to me,
that just shows the urgency that I was talking
about earlier with the mandates of the law that we
don't know. That we -- yeah, until we get these
reporting and recordkeeping rules in place, we
don't have all these trades on our radar screen.
You know, once in a while they come in like a UFO
and we have to deal with them, but we're not much
safer than we have, despite what the Germans said
about all the great things that we've done. Until
we get these things all in place and get them done
right, we're still not much better protected.
So, again, just to reiterate that we're going forward and I think this is a good rule, and I thank David, you and your team. And for the SDR folks, you have precursor of my question. Thanks.

CHAIRMAN GENSLER: You know, Commissioner Chilton, you've highlighted something Congress foresaw, that this data was going to be really important to regulators, but they also mandated that we, at least twice a year, aggregate and summarize it and put it out in some summary form. It would be my hope -- it may not happen quickly -- that we take the lessons from this agency that we've for decades put out weekly data that aggregates something. Now, that's not going to happen immediately, and Congress said we only have to do it twice a year, but I would hope that we could move in the direction using technology to hopefully put aggregate data out that's relevant and helps the markets.

COMMISSIONER CHILTON: Thanks.

CHAIRMAN GENSLER: Commissioner O'Malia?

COMMISSIONER O'MALIA: David and Anne,
you did a great job to inform us and put this rule together. So, I'm grateful for that.

I have a number of questions here that probably don't need extensive answers but want to touch on a wide range of issues here. You talked about the phasing approach, and I'm curious as to what the factors you considered in determining the rates and credit asset classes would be subject to, what were the phasing criteria that you considered for those two to get them ready for the July 16th reporting deadline?

MR. TAYLOR: Sure, Commissioner. Our phasing plan really responded to numerous comments and a good deal of input from roundtables that the Commission held. One key for us was that the industry said quite clearly that they needed six months after the final rule is passed to prepare and test automated systems and connections, and that made sense to us. We also learned that the asset classes vary in, if you like, maturity. Credit and rates already have considerable reporting going on. That situation is different
than some of the other asset classes. So, we took
that into account, and then we also considered
that additional time was needed for what I call
the "nons" -- the non-dealers, non-MSPs -- who are
less likely to already have automated systems and
staff for this purpose, and that led us to phase
by both asset class and counterparty type.

COMMISSIONER O'MALIA: Thanks. In
questions raised by Commissioner Sommers and then
also by Commission Chilton was this international
coordination, and you outlined where you've
coordinated. But there's one provision that's
frustrating international jurisdictions, and
that's the indemnification provision. That
actually may go so far as to fracture our data
collection. Countries may be prohibited from
relying on U.S. SDRs and requiring to set up their
own. Some jurisdictions simply are -- it would be
illegal for them to indemnity this. Where does
that stand? How are we solving that?

MR. TAYLOR: I'll answer that briefly,
and Dan Berkovitz may want to add something about
the latest developments. That isn't directly
directed by our rule, but, of course, we're very
aware of it and have participated in meetings
about it.

In general, my understanding is that
Commission legal staff are searching for an
appropriate way to make memorandums of
understanding or other arrangements with
international regulators so that the Commission
could, in fact, share data with them all --

COMMISSIONER O'MALIA: It's a statutory
direction. How do we waive through a memorandum
our statutory requirements? I don't want to
belabor that point. I'd rather -- maybe if Jackie
could kind of respond to some of this, what the
international concerns are, and, I mean, this is
pretty important as to how we're going to unify
all our data here.

MS. MESA: Mm-hmm. It is an important
point. We have been working quite closely with
international regulators on this point because a
big concern is to have direct access to the data.
There are two ways that foreign regulators can access data and trade repositories, if we regulate that repository unless the indemnification provision applies. One is they can always get it through the CFTC for their regulatory needs, and provided they have appropriate confidentiality around that data we give them. And second, this was codified in the rule and Dan can also speak to this, but if that foreign regulator also registers the trade repository, then they can, in their own right, have direct access to the data without indemnification. Those are two ways. And that satisfies many of the foreign authorities, but not all, so, we're continuing to work with foreign regulators and thinking internally about additional ways within the law to give them that data. But it is a provision that, of course, we are going to abide by, and so, it's a little bit tricky. But, Dan, I don't know if you want to add a little bit more?

MR. BERKOVITZ: I think that Jackie has correctly characterized where we are in terms of
the avenues for which a foreign regulator can get access to the SDR data under the SDR rule. One of the things we are looking at based on, as Jackie said, the feedback from the foreign regulators as to the scope of that rule and what it permits and doesn't is whether there are additional circumstances beyond those which are already provided in the SDR rule which a foreign regulator could get direct access without indemnification. And that's something we're looking at the legal options there, whether there is, indeed, any more flexibility under the statute.

COMMISSIONER O'MALIA: Thank you very much. I'm sorry to spring this on you, Jackie. We weren't planning on it.

Legal entity identifiers. Last week, we had a Technology Advisory Committee meeting on which we received comments on data standardization and they noted that the industry goal is to deliver 50,000 LEIs by June of 2012. That would obviously work well with our July 16th deadline, but are they the right 50,000, kind of the right
entities reporting the right data? I assume they would be the largest entities and, therefore, those are your first movers in this rule. Do you have any concerns that this is not on track or we wouldn't be ready with this current proposal as announced last week?

MR. TAYLOR: No, Commissioner. It seems that that is going to work. We've worked very carefully to try to align our start date with the progress the industry is actually making. Real briefly, the 50,000 number, although it's an approximation, is the number of counterparties that the industry estimates will have to report under our rules. So, actually, on July 16, you would need only a subset of that number, which would be the counterparties in rates and credit.

I want to commend the industry initiative that has gone forward with the LEI. They've been very cooperative, and they're taking the lead, going ahead, cleansing data, preparing to give LEIs -- you know, once our rule is there -- so that LEIs will be available when they're
needed for reporting.

COMMISSIONER O'MALIA: On the UPI, you've stated that the Commission can designate it, but you didn't provide any details on timetable or criteria. Do you want to elaborate on those?

MR. TAYLOR: I think in that area, out Technology Advisory Committee is already doing a considerable amount of work. It's coordinating with an industry initiative in that area. It's probably not quite as far down the road as the LEI initiative, which is why we were less prescriptive in the rule. But my understanding is that that's on track, it will happen, we'll take input from the industry, and when a system is available, it will go forward.

COMMISSIONER O'MALIA: So, would you characterize our UPI initiative as the ability to designate them, but a placeholder until a solution can be developed?

MR. TAYLOR: To some extent because you need a complete product classification system,
which I understand the industry is well along the road to producing. There will always be a small number of swaps they say bespoke in the industry that are so individual you won't be able to put a label -- a UPI itself -- on them. They'll have to be described using the taxonomy. But the great majority of swaps, you'll be able to give a UPI and that's coming along very well.

COMMISSIONER O'MALIA: Good. We'll keep that team working on that to give you the tools you need.

Let me close with technology. We have DMO and John Rogers, our chief technology guy. You said you had -- you know, the industry said, hey, we need six months to comply with this. How much time does the Commission need to comply with this, and where do we stand in terms of our ability to access all of this SDR data, the ability to aggregate it, implement automated solutions to kind of address the concerns that Commissioner Wetjen raised with analyzing and aggregating risk data?
This is not, you know, we're doing it.

I'm looking for some specifics as what systems are
we putting in place, when are they going to be
ready, and how much will it cost?

MR. ROGERS: Well, at this point, we are
just beginning the activity of getting -- of
discussing getting access to SDRs. As everyone, I
believe, is aware, we have applications that are
in place to form SDRs, so we're reaching out to
those entities to discuss how to get access to
them. I expect that we have the infrastructure --
well, I believe we have the infrastructure in
place to get that access. It's just a matter of
the process that we will go through in order to
gain that access with each SDR.

We're looking at access so that people
can examine data, but then, also, we'll be talking
about access to reports that will be coming off of
the SDRs, and how we'll be able to get access to
those, as well, and how we might be able to bring
-- you know, ask for data to come from the SDR or
new reports to be generated based on that. So,
that's an activity that's already underway.

We have been working on not specifically related to the SDR data, but generally speaking, related to the rules as they become final, so, for example, Part 20 or Part 39, access -- or the definition of the data standards that we will need to have in place so that we can begin to collect data and load them into repositories. So, in the example of the Part 20 data, we have been receiving data since November 22nd. With Part 39, we don't have a standard in place, but we're working towards that in accordance with the rule timelines that have been set out. In particular, for the Part 20 data, we have tools available presently to have people begin to examine data -- tools like SAS and that sort of thing -- so that we can begin to analyze it already.

In terms of systems that we need to build, we have lots of systems work that we need to do from -- whether it's -- and they are different, have different timelines depending upon what we're talking about, and we're really in the
analysis phase of that. So, for example, in the financial surveillance area, we are looking at data relative to risk, whether it's in interest rate swaps or credit default swaps, and determining data standards around those areas and figuring how we can leverage the technology that we already have in place to take advantage of it. We're also acquiring systems products, not actually building systems, but products that will help us with further analysis. And as we go through this process, we'll be determining whether -- you know, what systems we need to build on top of that, but that's pretty much the state that we're in.

We know that we're going to have to build certain capabilities from a systems perspective. For example, a portal in order to be able to collect information to automate electronic forms, again, to help us collect information; a registration system for entities to apply, whether they be DCOs or SDRs or SEFs; whistleblower capability; and things of that nature. So,
there's a wide array of things that we're focusing on.

COMMISSIONER O'MALIA: Do you intend to have this built-out by the end of 2012?

MR. ROGERS: Not in every case. I would expect that in 2012 that we will have some portal capability, and I believe that we'll have some electronic forms capability in place. Registration is also a primary focus of ours. I believe that -- well, what we are intending to do is to do these things in an iterative approach and in phases, so we will have a release. But then, I believe -- I expect that we will be building upon them as time goes on, so certain capabilities in 2012, but then continuing on into 2013, as well.

COMMISSIONER O'MALIA: Do you have a specific cost, what it's going to take to build-out for any of these in 2012?

MR. ROGERS: Not specifically system by system with me, no, I'm sorry.

COMMISSIONER O'MALIA: Okay. Rick, can I ask you a question about DMO's analysis? What
do you need in terms of automated capabilities to
take all the data that David's mandating be
collected and turn it into something useful to
establish risk parameters and other -- I mean,
what are you looking for, specifically?

MR. SHILTS: We've been working closely
with John, and we're trying to -- or getting --
have a process now, so we can start looking at
some of the data that's in some of the SDRs now
that's been submitted, and also looking at the
data that we're getting in under the swap large
trader, the Part 20 rules, and in the context of
looking at the -- what's there and what types of
alerts and what types of oversight, surveillance
and what to do, and we're -- in that context we
have a new deputy director for our surveillance
group, and we're kind of thinking about the best
way to be organized within our surveillance
section to take on these additional
responsibilities. So, I can't tell you right now
exactly what types of alerts and systems we would
need because we're still trying to figure out
exactly what's there and what the data looks like. We're getting some initial information from the swap large trader reports. And once we start looking more closely at what's in the data in the SDRs, then we'll try to -- you know, working with John, Andrei, and others, and trying to come up with the types of alerts and surveillance mechanisms we would need, and then how -- what's the best way to implement that, whether it's to buy software to develop systems in-house or whatever, but I can't tell you right now because we're still trying to get a better feel for exactly what the data looks like and the scope of the information (inaudible).

COMMISSIONER O'MALIA: Can you give me a top 10 list of the top 10 most important surveillance things you need in terms of what this data will provide you? I mean, the data is a foundation for everything that we're going to do going forward, with analyzing risk, position limits, et cetera. What are your -- in terms of priorities, what are your top 10 in working with
Andrei or working with anybody, Ananda, as well?

We're trying to understand what -- so we can stay focused on the highest priorities, so we can give John the wish list and get specific because it sounds like we're still in an iterative process, as he noted, about what we want to work on first, and we don't have the resources to chase down everything. So, we need to really focus and prioritize on these issues. That's all I have, Mr. Chairman.

MR. TAYLOR: Mr. Chairman, before you go on, should I respond a little further to one question Commissioner Chilton asked?

CHAIRMAN GENSLER: Absolutely.

MR. TAYLOR: My bad. I misunderstood where he was trying to go with one question, and it's actually an important question, and we have a good answer for it.

CHAIRMAN GENSLER: Is it better than the one that you can punt to Jeff?

MR. TAYLOR: Yes.

COMMISSIONER CHILTON: Look, these rules
are interrelated, is the point. Go ahead.

MR. TAYLOR: They are. They are. And, you know, the question for Jeff will also be important, but I think, Commissioner, where you were trying to go in terms of our rule is do we do something to ensure that registered entities and reporting counterparties, especially the "nons," have an easy way to report data to an SDR, and we do.

In our rule on data standards, first of all, says that an SDR must provide data to the Commission in the formats that we determine, and the rule actually delegates to the chief information officer the ability to tell SDRs from time to time exactly how we want this done. But, very importantly, it also delegates to the chief information officer the authority to tell an SDR whether it needs to use a particular standard or standards in order to accommodate the needs of different communities of users. So, if small non-SD/MSP counterparties need to be able to report in a certain way to an SDR, we will have
the authority to ensure that SDRs take data in that way.

COMMISSIONER CHILTON: Thanks for the clarification. Thank you.

CHAIRMAN GENSLER: Thank you.

COMMISSIONER WETJEN: Thanks, Mr. Chairman. I wanted to thank the team, again, especially for the informative briefing you provided a week or two ago. And David, I also enjoyed our discussion about some of your outside interests and hope some of those recent performances came off without a hitch.

MR. TAYLOR: They did, although I guess I would observe when I give a downbeat the singers all come in together and they all sing in harmony, and I'm not sure that quite compares to this experience. (Laughter)

COMMISSIONER O'MALIA: You got a 5-0 vote. What are you complaining about? (Laughter)

COMMISSIONER WETJEN: David, do you care to respond? (Laughter)

MR. TAYLOR: No, we're delighted with
the vote.

(Laughter)

COMMISSIONER WETJEN: I've had the opportunity to meet with a number of people in addition to your team, and included in those meetings were some folks from the asset management community. And I wondered if you could just remind me and walk me through, again, how this final rule treats, with respect to the universal swap identifier, a contract that gets allocated post execution?

MR. TAYLOR: Sure. And that's a bit complicated, but we hope we've clarified it in a way that will make this workable for the industry. Real briefly, our understanding is that in that context, typically a dealer does a swap with a firm that's an agent for its clients. The agent firm is not actually the counterparty of the dealer. The clients of the agent, in fact, have ISDA agreements or similar agreements with the dealer. The dealer knows collectively who they are and is willing to enter into swaps with them,
but at the moment of this first trade with the agent, it doesn't know exactly which clients are involved. The agent then, immediately afterwards, allocates the results of that original swap to its clients. It's a complicated process. It's not really alga rhythmic because clients have particular requirements, and it then -- the agent then informs the dealer who its counterparties actually are. And we felt that it was very important to have information on that whole situation.

First of all, because real-time reporting needs to occur as soon as technologically practicable after execution, and also because it's important to regulators to have a current picture of the swap market, it's necessary for that original swap between the dealer and the agent to be reported, but, obviously, because the actual counterparties are the clients, once allocation has turned that original swap into several component swaps, you need to know about those as well.
And so, what we've provided is that the reporting counterparty, typically the dealer here, has to create a USI for that first swap with the agent and report it. It will report in that report the LEI of the agent as an agent, but it won't yet know the LEIs of its counterparties. Once it learns from the agent who the counterparties are, it will then also report those swaps, but it will include in those reports the original USI of the first swap, so that the SDR can link up all of these different transactions into one record and there won't be double counting.

COMMISSIONER WETJEN: That was going to be my follow-up question, but that process addresses any concerns about double counting, it sounds like.

MR. TAYLOR: We think so.

COMMISSIONER WETJEN: Just one other question. A number of concerns were raised in the comments and in my meetings about some of the burdens on some of the smaller market
participants, and in the case of an uncleared swap, I wondered if you could describe what the reporting burdens would be for some of these various entities. For example, we had an interesting conversation with one group where we were reminded that, in some cases, you have a counterparty that can be a small family -- and just picking a state out of nowhere, Kansas -- whose family might be sitting on a bunch of natural gas reservoirs and they're selling that commodity to a variety of different companies.

So, how does a rule, in that example, treat the wildcatter family from Kansas and the company is buying that commodity from the family?

MR. TAYLOR: Commissioner, we've tried to alleviate the burden for counterparties in that sort of situation, to the fullest extent we can and still fulfill the mandate of the Act that all swaps have to be reported. I mean, first of all, that counterparty will only have to report if it's in a swap with another non, because if there's a dealer, an MSP, the burden falls on the dealer or
the MSP. If this swap is transacted on a facility and it's cleared, there's no reporting at all for that counterparty, and even if it's not cleared -- not mandatorily cleared and not executed in a platform, if the counterparty gets it accepted for clearing, the DCO will take over reporting at that point.

Just checking my notes, here. If it's an on-facility, uncleared swap, that counterparty would only need to report continuation data during the existence of the swap. If it's an off-facility, uncleared swap, we've extended and phased in the creation data reporting deadlines to a considerable extent. That was the question about the clause the Chairman asked earlier. That counterparty would get considerably extended deadlines, and weekends and holidays are no longer included in that period.

We've also lengthened the deadline for reporting changes to primary economic terms for these counterparties during the life of the swap, and we only ask for valuations to be reported on a
quarterly basis instead of the daily basis that's going to be required of dealers and MSPs. If the other counterparty is a foreign dealer or MSP, the burden is still going to fall on them. In response to comments from "nons," we've also differentiated if there is a financial entity on the other side of the swap, the burden will be placed on the financial entity. So, we've taken the burden away from your wildcatter family in Kansas, everywhere we can.

COMMISSIONER WETJEN: Thank you for that response. Mr. Chairman, I knew Kansas produced a lot of great things, but I didn't realize it also produced natural gas. That was one of the many things I learned in the few weeks.

CHAIRMAN GENSLER: Thank you, Commissioner Wetjen, for reminding of Kansas. I bet you that Commissioner Sommers knew that, though.

COMMISSIONER WETJEN: Basketball, market regulators, natural gas.

COMMISSIONER SOMMERS: And I also think
just should clarify for the record that you were randomly picking Kansas, not suggesting it was nowhere, right? (Laughter) Right. That's what I thought.

COMMISSIONER WETJEN: Absolutely.

CHAIRMAN GENSLER: I'm not touching that. (Laughter) If there are no further questions, I'd ask Mr. Stawick to call the roll, and then I have some assignments after that, though, so don't leave.

MR. STAWICK: Commissioner Wetjen?

COMMISSIONER WETJEN: Aye.

MR. STAWICK: Commissioner Wetjen, aye.

Commissioner O'Malia?

COMMISSIONER O'MALIA: Aye.

MR. STAWICK: Commissioner O'Malia, aye.

Commissioner Chilton?

COMMISSIONER CHILTON: Aye.

MR. STAWICK: Commissioner Chilton, aye.

Commissioner Sommers?

COMMISSIONER SOMMERS: Aye.

MR. STAWICK: Commissioner Sommers, aye.
Mr. Chairman?

CHAIRMAN GENSLER: Aye.

MR. STAWICK: Mr. Chairman, aye. Mr. Chairman, on this question, the ayes are five, the nayes are zero. And I would note that the vote is unanimous in the affirmative.

CHAIRMAN GENSLER: As the ayes have it, unanimously the staff recommendation will be sent to the Federal Register. But before you standoff, since I'm going on vacation and I might not see you all, I'm going to do this in a public meeting. There are a few assignments that just came out -- and if I've missed something -- but on the smallest stuff, David Taylor, if you could make sure that the color charts that we referenced -- and work with Steve Adamske, get it up on the website because I think they're -- we shouldn't wait for the Federal Register to see if they're color charts. You were going to check on that Page 228, but also, Part 46, you know, you'll get some rest and then come back to us on the historical swaps.
I think that Commissioner Sommers raises an excellent point. So, Rick, can I identify you as the lead to work all of these different roles that might refer to economically equivalent or economically fungible, or the various terms that Commissioner Sommers referenced in the rules? Can you kind of coordinate and come back in January and brief the five of us on just -- and how you see it? Because most of them are in the Division of Market Oversight.

I think this was going to happen anyway, but, John, Rick, and probably David and a bunch of others, to do just as you did in large trader reporting, to reach out to the market participants, and maybe as promptly, right after the holiday, as they want have those biweekly or twice a week calls and certainly do a guidebook on this because I think that was deemed to be helpful in the large trader, that you'll do that. But if I can give John, you, a special assignment -- because I think Commissioner O'Malia's points resonated quite with me -- can you come back to us
in January with a specific technology plan for how we'll be ready by July 16th? And it may be phasing; it may be that not everything's going to happen July 16th, but when the SDRs are getting this information, starting July 16th, I think we should have direct technology hook-up and that the backbone's working. But if, in January, you could present and certainly work closely with all of us, particularly Commissioner O'Malia because he runs the Tech Advisory Committee, it would be really helpful to have that.

And then one other thing that I mentioned, and I know Andrei -- and you and I have talked about this about five times already -- but can you come up with a game plan maybe in January, as well, working with John as to how come -- starting July, maybe we could start to aggregate some of this information, and, just as we do in the weekly commitments, a trader's report; obviously, work with Rick's people, as well. But if would take the lead on that, Andrei, as to -- you know, maybe we could even start doing some
aggregate stuff next summer or fall, depending upon what you come up with, so.

COMMISSIONER WETJEN: Can I say one other thing?

CHAIRMAN GENSLER: Yeah.

COMMISSIONER WETJEN: I also want to mention that I found Commissioner O'Malia's Tech Advisory Committee meeting very valuable in terms of getting prepared for this meeting. A lot of what was covered there was very useful information that helped me a lot. So, I just wanted to mention that.

CHAIRMAN GENSLER: Thank you all. And I guess now we can get Jeff, and some of you will stay at the table. But the real-time reporting team, thank you all, and have a happy holiday by the way.

David, do I need at some -- David Stawick, do I need to do one of those -- the unanimous consents on technical clean-ups?

MR. STAWICK: Yes, and I believe that that's programmed toward the end.
CHAIRMAN GENSLER: But I can do it now?

MR. STAWICK: You may do it now.

CHAIRMAN GENSLER: So, absent objection,
doi do it? You know, I'd seek unanimous consent
that they can make whatever technical clean-ups.
Not hearing any objection --

MR. STAWICK: Duly noted.

CHAIRMAN GENSLER: All right. Don't we
have name cards for two of you? I mean, you
know, when -- oh, Dan brings his own. Jeff
Steiner, Tom Leahy, I guess, will be taking the
lead somewhere here on real-time reporting.
Susan, it's good to see you back at the table.

Ever present on these rules, Rick Shilts, the head
of Division of Market Oversight. Dan McKeever's
going to represent the Office of Chief Economist.

Do you want to introduce yourself because I can't
remember your last name?

MR. SHAFER: Jason Shafer from OGC.

CHAIRMAN GENSLER: Yeah. But Dan's
behind you. But he trusts you.

Jeff or Tom?
MR. STEINER: Thank you, Chairman Gensler and Commissioners. I'd like to thank the team for all of the --

CHAIRMAN GENSLER: Pull the mic closer to you, maybe.

MR. STEINER: Sorry. I'd like to thank the team for all of their hard work and the long hours on this final rule: Tom Leahy; Susan Nathan; Jason Shafer; Laurie Gussow; George Pullen; and Dan McKeever; additionally, the division directors and various staff throughout the different divisions. And, additionally, I would like to thank all of the Commissioners and their staffs for their insightful comments throughout this process.

Section 727 of the Dodd-Frank Act added to the Commodity Exchange Act new Section 2(a)(13), which establishes standards and requirements related to real-time reporting and the public availability of swap transaction and pricing data. This section directs the Commission to promulgate rules providing for the public
availability of such data in real-time, in such form, and at such times as the Commission deems appropriate to enhance price discovery.

CEA Section 2(a)(13)(C) establishes the four categories of swaps for which transaction and pricing data must be reported to the public in real-time. Because these categories together comprise all swaps, the real-time reporting requirements apply to all swaps, including those swaps executed on or pursuant to the rules of a registered swap execution facility or a designated contract market, and those swaps executed bilaterally and not pursuant to the rules of a SEF or DCM, which we refer to in the rule as off-facility swaps.

With regard cleared swaps, CEA Section 2(a)(13)(E) directs the Commission to prescribe rules that: One, ensure that publicly disclosed information does not identify the participants; two, specify the criteria for determining what constitutes a large notional swap transaction or a block trade for particular markets and contracts;
three, specify the appropriate time delay for
publicly disseminating large notional swaps or
block trades to the public; and four, take into
account whether public disclosure will materially
reduce market liquidity.

CEA Section 2(a)(13)(E) does not require
explicitly that the rules promulgated by the
Commission contain similar provisions for
uncleared swaps; however, in exercising its
authority under CEA Section 2(a)(13)(B), which
states, "To make swap transaction and pricing data
available to the public in such form and at such
times as the Commission determines appropriate to
enhance price discovery, the Commission is
authorized to prescribe rules similar to those
provisions in CEA Section 2(a)(13)(E) for such
uncleared swaps."

On December 7, 2010, the Commission
published a Notice of Proposed Rulemaking,
entitled "The Real-Time Public Reporting of Swap
Transaction Data," which solicited public comment
on proposed regulations implementing the mandate
of CEA Section 2(a)(13). The proposed rules were set out in a new section, Part 43. Proposed 43.1 set out the purpose, scope, and rules of construction, while proposed definitions of terms and processes relevant to real-time public reporting were specified in Section 43.2.

Proposed Section 43.3 established the method and timing for real-time public reporting and dissemination of swap transaction and pricing data. This rule also delineated the responsibilities of swap counterparties, SEFs, DCMs, and SDRs, and established procedures for recordkeeping, corrections of errors and omissions and hours of operation.

Proposed Section 43.4 specified the format in which swap transaction and pricing data would be publicly disseminated and rules relating to anonymity.

As proposed, Section 43.5 prescribed the criteria for determining what constitutes a large notional swap or a block trade, and it also specified the appropriate time delays for the
block trades and large notional swaps.

Finally, Appendix A to proposed Part 43 described all of the data fields that were to be publicly disseminated.

The Commission received comments from 88 different interested parties. These parties represented potential swap dealers, end-users, service providers, industry associations, potential SDRs, academics, and others. Staff has considered all of these comments, as well as comments received in numerous roundtables, in developing this final rule. Commission staff has also coordinated with other U.S. regulators and has also spoken with international regulators on this issue.

This final rule governs the method and timing of real-time public reporting, the swap transaction and pricing data to be publicly disseminated, and the time delays for public dissemination of swap transaction and pricing data. The final rule takes into account whether public disclosure of swap transaction and pricing...
data will identify the parties to a swap or the
business transactions and market positions of any
person, as well as the effects on market
liquidity.

In addition, in developing the final
rule, staff has considered the costs and benefits
to market participants and registered entities in
light of the five broad areas of market concerns
specified in CEA Section 15(a). While the
Commission has adopted the Part 43 rules -- or
plan -- hopefully adopts the Part 43 rules,
substantially as proposed, there are several
salient changes from the proposal.

First, I want to note, as many of the
Commissioners have noted before, two aspects of
the regime for real-time public reporting that are
not covered or addressed in this final rule and
will be the subject of a further Notice of
Proposed Rulemaking. Specifically, the final
rules do not address the categorization of swaps
and the determination of the appropriate minimum
size relating to block trades and large notional
off-facility swaps. This means that until the Commission were to establish an appropriate minimum block size for a swap or a group of swaps, the time delays specified in the final rule will apply to all publicly reportable swap transactions that do not have appropriate minimum block sizes.

The final rules also do not address the public dissemination of certain publicly reportable swap transactions in the other commodity asset class that: One, are not executed on or pursuant to the rules of a SEF or DCM; two, listed in an Appendix B to Part 43; or, three, economically related to a contract listed in Appendix B to Part 43. As a result, such publicly reportable swap transactions that don't fall into those categories, would not be subject to the Part 43 rules at this time, and would be addressed in the further Notice of Proposed Rulemaking.

While the proposing release permitted SEFs and DCMS to report data, either to an SDR or to a third-party service provider for public dissemination, the final rule requires that all
swap transaction and pricing data must be reported
to the appropriate SDR regardless of whether the
swap is executed on or pursuant to the rules of a
regulated trading platform or bilaterally
executed.

SDRs must then ensure the public
dissemination of all publicly reportable swap
transactions. The final rules would permit the
use of third parties to assist in both reporting
and public dissemination requirements under Part
43. However, the obligation to report or publicly
disseminate would remain with the reporting party,
SEF, DCM, or SDR, as applicable.

The definition of publicly reportable
swap transaction, which describes which swaps are
subject to the rules of Part 43, has been modified
from the proposing release to state that the swaps
that must be reported and publicly disseminated
pursuant to Part 43 must be either: One, any
executed swap that is an arm's length transaction
between two parties that results in a
corresponding change in the market risk position
between the two parties; or, two, any termination, assignment, novation, exchange, transfer, amendment, conveyance, or extinguishing of rights or obligations of a swap that changes the pricing of the swap. This modification to the definition means that certain internal swaps between affiliates, as well as portfolio compression exercises, to the extent that they are not executed at arm's length, would not be publicly reportable swap transactions, and thus, not subject to the reporting and public dissemination requirements of Part 43 at this time.

The final rules include various other changes in response to comments and consultation, including changes to the data fields that are required to be publicly disseminated. Also, the final rules delete any additional recordkeeping requirements beyond those required with respect to timestamps as such requirements are not necessary given the recordkeeping requirements and other Commission regulations. Further, the anonymity provisions in 43.4 have been clarified from the
proposing reliefs.

The final rules provide time delays for public dissemination that differ based on the method of execution, underlying asset, and market participant, among other things. Time delays are described in Section 43.5, as well as Appendix C to Part 43. The time delays for public dissemination will be phased down over a two-year period, beginning on the relevant compliance dates, and I would stress that those time delays have been coordinated with the Part 45 time delays for reporting. Additionally, all notional amounts of publicly reportable swap transactions will be rounded and capped when publicly disseminated.

In response to comments received, the compliance dates for this final rule will be phased in based on asset class, method of execution, and type of market participant. The first compliance date will begin on the later of July 16, 2012, or 60 days after finalizing certain other rules. Additional compliance dates will occur 90 days and 180 days following the first
compliance date. There's a chart, which is very similar to the chart that's been floating around for the Part 45 rules, and I think that chart would be made available on the CFTC website.

COMMISSIONER O'MALIA: Hey, Jeff. Can I ask you a question?

MR. STEINER: Yes.

COMMISSIONER O'MALIA: It's identical, right?

MR. STEINER: Yeah, it -- well --

COMMISSIONER O'MALIA: You said, it's somewhat similar or --

MR. STEINER: No. No, no. It is -- the phasing in is identical to everything.

COMMISSIONER O'MALIA: That's what we need to hear.

MR. STEINER: It is a different chart, however. And I'd also like to point out that, just to reiterate, that the final rules do reflect close coordination with the data recordkeeping and reporting final rule with respect to these compliance dates, the data fields to be publicly
disseminated and reported, time delays, and other
various aspects, to ensure consistency, and in an
effort to mitigate costs of reporting for
reporting party SEFs and DCMs.

Thank you, and we'd be happy to answer
any questions.

CHAIRMAN GENSLER: Thank you, Jeff. The
Chair will entertain a motion to accept the staff
recommendation concerning the final rule.

COMMISSIONER SOMMERS: So moved.

COMMISSIONER CHILTON: Second.

CHAIRMAN GENSLER: Thank you. I support
the final rule. I will have two or three
questions, but I support the final rule to
implement the real-time reporting mandate that
Congress put in Dodd-Frank. I think that the
public reporting regime for swaps is a critical
component. As much as it's important that
regulators get a window into this market, this
will, for the first time, give the broad public a
window. It will have time delays. We've decided,
as Commissioner Chilton and others have noted, to
seek further public comment and re-propose the
block rule itself, and I think it's only
appropriate given the comments that we got on the
initial block rule, and that the block rule that
we -- I see Carl Kennedy sitting there. He was
working on that. That when we do the block rule,
that we'll get a lot of public comment, but
they'll be just as these final real-time rules
are, more nuanced and be different for different
asset classes, rather than that which we had
originally proposed, which was really across the
board similar.

But, in the meantime, the public will
get real-time reporting, even with time delays
for small and large transactions. And I think
that that's critical because it will give the
public information similar to what's worked for
decades in the securities and futures markets;
that real-time reporting after the trade happens,
what's called post-trade transparency, lowers
costs for market participants and consumers.

And in response to commenters, the final
rule does provide for a phasing of compliance.
And I thank you, Jeff, so you can put the color chart, the same color chart, also, up on the web. But my first question is, Jeff, will you also put this color chart up?

MR. STEINER: Sure.

CHAIRMAN GENSLER: This, Commissioner O'Malia, is different than the color chart -- well, maybe they just did it for me? I don't know.

MR. STEINER: We did.

COMMISSIONER WETJEN: That looks proprietary, Mr. Chairman.

CHAIRMAN GENSLER: Is this a proprietary color chart?

MR. STEINER: No. I have other copies here if other Commissioners would like to see them. (Laughter)

CHAIRMAN GENSLER: Yeah, you better get them to other Commissioners. But this is on -- I think it's very important that the proposed rule to help protect anonymity not only had time
delays, but it had masking of a certain size, and if you remind the listeners what we proposed, and then what this chart does.

MR. STEINER: Right. In the proposal we had proposed a $250 million cap across the board, so if a -- and that's for asset classes. So, if a swap was executed at $400 million, what would be publicly disseminated would be 250 million plus.

We've gone with a slightly different approach, based on comments that we've received and conversations with other U.S. regulators for the different asset classes. So, we've actually broken down the interest rate asset class into three different segments.

So, we have a 0 to 2-year would be $250 million cap; 2 to 10 would be a $100 million cap; and 10+ would be a $75 million cap. For FX, we have a $250 million cap. For the other commodity asset class, we have a $25 million cap; for credit, we have a $100 million cap; and for equity, we have a $250 million cap. So, we've slightly adjusted those.
CHAIRMAN GENSLER: So, I think that this rule provides the public the post-trade transparency, but it also accomplishes Congress' goal for anonymity and consideration of liquidity, that there's time delays and there's this masking of the larger trades in terms of sizes. The color chart's just helpful for a guy like me, you know, reading rule text.

And we'll come to the block rule. We'll get public comments on a re-proposed block rule and finalize that, and once it's finalized, there'll be some portion of the market that's small, not blocks, that will be reported as soon as technologically practicable. Is that correct?

MR. STEINER: Right. When the block size -- as a block size -- defined term is appropriate minimum block size is set for a particular swap or a group of swaps, anything that would be below that appropriate minimum block size would be publicly disseminated as soon as technologically practicable, and the idea is that everything that is at or above that block size
would receive the time delays that are laid out in Section 43.5 and Appendix C of this final rule.

CHAIRMAN GENSLER: My final question, Jeff, is related to something called 43.3 -- and you and I talked about this yesterday, so you know my question -- is that we say in 43.3 -- and I'm seeking clarification here -- but we say in 43.3 that the swap execution facility, or the designated contract market, has to send this information to the swap data repository, and we give them some circumstances where they could disclose this information earlier to market participants.

MR. STEINER: That's correct. The term that's been floating around for that, some market participants and others have called it --

CHAIRMAN GENSLER: And you can bring it closer to your mic.

MR. STEINER: Some market participants have referred to that as the embargo rule or whatever.

CHAIRMAN GENSLER: Right. But this is
just one of those circumstances similar to Commissioner Sommers' earlier comment on economically equivalent. The term "market participant" here, I just wanted some clarification because today many trading platforms provide this information to subscribers, and I just want to ensure that what we're doing here doesn't stop market participants that currently do provide subscription services, that they can continue to do that.

MR. STEINER: Right. You're correct. The language just states market participants. And what the intent behind that was, was to include persons with trading privileges on the platform, as well as other eligible market participants that would subscribe to the SEF or DCM for information services.

CHAIRMAN GENSLER: So, I just wanted to clarify that, and I don't know whether fellow Commissioners want to ask their questions, but whether we put a footnote or something because I think it would be a sort of --
MR. STEINER: Yeah, absolutely.

CHAIRMAN GENSLER: -- reverse course if

the large trading platforms or these aspiring SEFs

that are currently exempt commercial markets

couldn't continue to do what they're doing.

MR. STEINER: Yeah, that's right.

CHAIRMAN GENSLER: All right.

COMMISSIONER SOMMERS: I actually do

have a question about that.

CHAIRMAN GENSLER: No, please do.

COMMISSIONER SOMMERS: If you're

broadening the definition of market participant in

--

CHAIRMAN GENSLER: No, just for this.

It's just for this purpose.

COMMISSIONER SOMMERS: -- this rule. I

understand that. Does that have any implications

for market participants -- the definition of

market participants as it applies to other rules

if they're not really market participants?

CHAIRMAN GENSLER: That's not my

question, so I don't want to do that. I just
would not want this to somehow limit the current practice that aspiring SEFs currently sell -- you know, when I was re-reading this, I was worried that somehow we'd be limiting people doing what they already do.

MR. STEINER: I mean, we could certainly state in there, if there was a footnote or something, that --

CHAIRMAN GENSLER: I can't hear you, Jeff.

MR. STEINER: We could certainly state that it would be limited to this particular rule. It is not a defined term in our rule. We do discuss it in the preamble, though, so.

CHAIRMAN GENSLER: No, I don't --

MR. STEINER: Yeah, we could clarify that.

CHAIRMAN GENSLER: So, I'll let Commissioners ask their question. My question is just, I didn't take this to mean that it would limit what current practice is. That's what --

MR. STEINER: That's right.
CHAIRMAN GENSLER: You know, that these exempt commercial markets or DCMs currently do something, that somehow we were going to stop them from doing what they currently do. Whatever language allows people to continue to do what they're doing would be helpful, is what I'm trying to -- but maybe somebody could help write a footnote with you --

MR. STEINER: Sure.

CHAIRMAN GENSLER: -- to do that.

Commissioner Sommers?

COMMISSIONER SOMMERS: I just have a couple of questions -- whether or not the CFTC and the SEC have coordinated on these rules. It was one of my biggest concerns in the proposal phase, and if we know, at this point, that the time delays are going to be consistent with what the SEC is doing?

MR. STEINER: We absolutely have been coordinating with not only the SEC, but with the Federal Reserve Board and with the Treasury, and we've sent over drafts of our rules to ensure that
-- you know, for feedback and comments.

Regarding the SEC, it's been I guess over a year now since their proposal's been out, so I know that through conversations they're thinking on certain points where we might have differences in this final rule from the proposal, some of their thinking has evolved. You know, there were some differences with respect to definition of publicly reportable swap transaction, the time delays, as you mentioned, but I've shared -- I've been talking and we've shared these documents with them, and at least at the staff level, they didn't think that there would be anything that would be inconsistent. I'd also point out that, you know, their markets are slightly different, too. So, if there were inconsistencies or differences, I think that they would be justified based on the markets.

COMMISSIONER SOMMERS: Although there may be some asset classes that -- like credit, where it would be odd to have different time delays.
MR. STEINER: Right.

COMMISSIONER SOMMERS: So, I'm just hoping that there's coordination.

MR. STEINER: That's right. And we've shared everything that we have with them.

COMMISSIONER SOMMERS: Okay. My other question with regard to the time delays is how we deal with swaps that are executed in different time zones? If you have a U.S. market participant and an Asian market participant, how are we dealing with the difference between executing a swap, confirming a swap, and having a time delay of 24 hours?

MR. STEINER: Sure. Just to point out that the requirement to report the real-time data for a reporting party, SEFs, and DCMs is as soon as technologically practicable. That definition -- it's a defined term. It's very -- I think it's identical to what we proposed and it's broad to allow for a lot of flexibility in reporting times; however, we do have time delays for public dissemination, and those time delays match up with
the time delays that are in the Part 45 rules that
the Commission just voted on.

The rule requires SDRs to be able to
accept and publicly disseminate that information
that's reported to them -- 24 hours a day, 7 days
a week, we provide for them to be able to certify
with the Commission for closing times for
maintenance. And, additionally, the rule would
require that what's publicly disseminated be
publicly disseminated with a universal coordinated
time stamp, so that the time stamps globally would
be the same, and people would be able to compare
those transactions that are executed in -- you
know, with a party in Japan, to a party in Europe,
to a party in the U.S.

Specifically, to the example that you
had with a party in, let's say, Tokyo or
somewhere, to the extent that that swap is between
two non-swap dealers, non-MSPs, the time delays
are in business hours for those if there's a
non-SD/non-MSP. So if the swap were to take place
at 12:00 p.m., Friday, Tokyo time, the clock would
start ticking from the time of execution there, and the time delay -- the requirement would still be as soon as technologically practicable to report that swap, but the time delay for public dissemination by the SDR wouldn't occur until 12:00 p.m. the following Tuesday. And that's to take into account that the non-dealers, the non-MSPs, might not have the systems or staff in place, and we wouldn't want to require them to bring someone in on the weekend to report this if they couldn't do it.

We don't have those business -- those same -- it's a little bit more strict --

COMMISSIONER SOMMERS: Right.

MR. STEINER: -- for SEF- and DCM-executed. You know, if it's platform-executed, we believe that the technology should be there to report those.

And, also, with respect to bilateral swaps with a dealer or a MSP, we think that they should also have the ability to report within the time frames for the Part 45 rules, which, you
know, you could leverage that same data reporting stream, which is linked up to our public dissemination timelines.

There are a couple of other nuances where we provide some additional leeway for if there's an end-user in a bilateral transaction, just as David described for the Part 45 rules.

COMMISSIONER SOMMERS: Okay. Thank you.

CHAIRMAN GENSLER: Commissioner Chilton?

COMMISSIONER CHILTON: Thanks for your great work on this, the whole team.

Jeff, it's my understanding that if a transaction is not subject to the clearing mandate -- for example, a swap in which an end-user is using the clearing exemption -- then it gets four hours and then two hours, right, and after the first year, the two hours? If at least one party is a swap dealer or MSP, is that the case? For example, when you have an airline trying to hedge their risk sort of far out the curve on crude oil swap, for example?

MR. STEINER: Yes. The swap in the
example you described, the reporting times would be four hours the first year and then two hours after the first year, if at least one party were a dealer. I would point out a couple of things, though, to address your specific scenario about the hedging.

If a swap is not executed on a SEF or DCM or is not one of the 28 contracts plus (inaudible), and those 28 contracts are the same contracts that were listed in the position limits rule or economically related to those contracts, then it would not be subject to these final Part 43 rules at this time. Those swaps will be addressed in the re-proposal. A lot of that has to do with anonymity concerns on how to publicly disseminate those. So, jet fuel, for example, would not be covered under these final rules, if it was executed over-the-counter. If it was executed on a SEF or DCM, it would be. But a swap where the underlying asset is -- let's say NYMEX heating oil -- that would be covered since it's one of the contracts that are listed. These 28
contracts have very liquid futures and underlying
cash markets.

The second thing I would note is that
the notional amount that's publicly disseminated,
as we discussed, would be capped for the other
commodity asset class at 25 million. So, what the
market would see -- the public would see, would be
25 million plus. So, a really large trade would
only see that value. We think that the combo of
the caps and the time delays, along with the fact
that a chunk of the market that won’t be subject
to the rules at this time, would be adequate to
lay off risk.

Additionally, just one other thing is
that if one of those -- if it was between two
end-users, as was mentioned previously, they would
receive significantly longer time delays.

COMMISSIONER CHILTON: Okay. Thank you.
I don't have any other questions.

CHAIRMAN GENSLER: Thank you,
Commissioner Chilton.

Commissioner O'Malia?
COMMISSIONER O'MALIA: I'd like to,
Jeff, build on that a little bit. What are the
requirements -- let me ask this, how can you walk
me through the analysis performed in order to
ensure that the rules appropriately take into
account whether public disclosure will materially
reduce market liquidity as required under Section
2?

MR. STEINER: Sure. We really read
through every comment and had a lot of interaction
with market participants regarding our proposal, a
lot of really great feedback. And we talked with
them about the various asset classes, the states
of the asset classes, and, you know, where
liquidity lies, and in combining the time delays,
which we had proposed a 15-minute time delay for
block trades. And we're not addressing the sizes
for those block trades at this time, but what the
final rule will do for SEF- or DCM-executed trades
and also trades subject to mandatory clearing in
which there's a dealer, the first year would be a
30-minute time delay, and then it would reduce
down to 15 minutes. That, combined with the caps, we believe, you know, during this period would adequately protect the liquidity in these markets. I think the caps, based on the conversations, would achieve that.

COMMISSIONER O'MALIA: Well, I think you have correctly adjusted these to accommodate the market, based on the comments that we've received. But going forward, what do we need to think about if somebody says, hey, this actually isn't working for us -- whatever swap it is or contract or participant? Is there a solution set going forward or is that -- do we have to come up with another rulemaking based on kind of the actual trading behaviors?

MR. STEINER: I think that -- and anyone else can, you know, express their opinion -- I think that, you know, as Commissioner Chilton mentioned, obviously, it's an evolving process, and what these rules do is introduce post-trade transparency to the market, so it's certainly an introduction to the marketplace. And I would
Imagine that in the block trade re-proposal, I know that we're providing time delays here, and the block trade re-proposal is going to set the appropriate groupings of swaps, as well as the appropriate sizes for those swaps. So, those things I think can be taken into account going forward from the comments that are received from that, as well.

COMMISSIONER O'MALIA: So, we have another shot using the block trade rules to do this. But we obviously won't have data or experience to inform those decisions, and I recognize we can't wait to do the block rule. What happens post-block if something is out of kilter?

MR. STEINER: Well, I can't speak for exactly what's going to be in the block rule, but would anticipate that there would be a sort of look back based on the data that's collected in order to adjust sizes appropriately.

COMMISSIONER O'MALIA: All right. Thanks. Do you want me --
MR. KIRILENKO: -- Commissioner, since you asked for clarification, and someone wants to add. I think these two rules, Part 43 and Part 45, interact very well. I'm hearing that. As we collect data on the going through to swap dealer repositories, one of the particular variables or one of the particular sort of data points that it will be collecting, is sort of what kind of inventory of contracts to different or major sort of participants carry? That is -- and that would be indicative of just sort of how the marketplace is changing. And as we see that the marketplace is changing, we'll anticipate -- just like the example in the TRACE market shows, you will see, you know, dealers carrying a particular type of inventory, and that would be indicative to us that the change in the marketplace reflects whatever this rule intended.

COMMISSIONER O'MALIA: And I appreciate that. I think you got it right. But what is the mechanism in the rule? And I guess the data will inform us about block sizes. I guess that's the
only --

MR. STEINER: I was just informed that
the intent in the re-proposal, one of the -- one
of an alternative would be to -- and please,
someone correct me if I'm wrong -- to allow the
DMO director to adjust sizes if they notice that
something was off or something like that.

COMMISSIONER O'MALIA: Okay. Thank you.
Can you please walk me through the real-time
reporting requirements for inter-affiliate
transactions and how you define inter-affiliate
transactions?

MR. STEINER: Sure. We don't define
inter-affiliate transactions. What the final
rule does is it has a definition of publicly
reportable swap transaction. That is limited to
those swaps that are executed at arm's length,
that result in a corresponding change in market
risk between the parties, and it also has the
other language about termination, assignment,
novation, exchange, et cetera, that result in a
change in the price.
Additionally, in that definition, we provide examples of transactions that are not arm's length, that would not fall under the definition. That would include internal swaps between 100 percent owned subsidiaries of the same parent, as well as portfolio compression exercises, and, you know, these examples are not exhaustive, but they -- the standard under the definition is really what needs to be met, which is the arm's length standard.

COMMISSIONER O'MALIA: So, you could have an affiliate that is less than 100 percent?

MR. STEINER: Again, the standard in the rule is arm's length, so I would imagine that it's possible, but, you know, I mean --

MR. LEAHY: I think one of the things we're trying to avoid is the reporting of transactions that don't face the market because those transactions may have misleading price information.

COMMISSIONER O'MALIA: And I don't disagree with that. I think that's a great
response, but I think in the rule, your example as
an affiliate is 100 percent, but the definition --
the actual test is this arm's length test. And I
think that people may be confused a little bit if
they read the footnote that says it's 100 percent
as an example, you could have put 71 percent, I
guess. But --

MR. STEINER: That's right. But we do
clarify that the examples are not exhaustive and
that there is a possibility that -- I mean,
certainly, if it doesn't meet the test of arm's
length, and as Tom just mentioned, we wouldn't
want those.

COMMISSIONER O'MALIA: Thank you.
That's all I have.

CHAIRMAN GENSLER: Thank you very much,
Commissioner O'Malia.

Commissioner Wetjen?

COMMISSIONER WETJEN: Thanks, Mr.
Chairman. Thanks again to the team for all your
hard work on the rule, and thanks for the
conversations we had concerning the rule.
I was going to build on, a little bit, the questioning by Commissioner O'Malia. You know, in some places, with respect to the masking provisions, there appears to be some differentiation between -- or within, rather, asset classes, and that's not done in the area of time delays, and I don't disagree with the judgment to do it in this way, but I was just kind of curious why it's done or why you don't differentiate within asset classes with respect to the time delays, but do so in the masking provisions?

MR. STEINER: With respect to the time delays, we do have a differentiation with respect to the other commodity asset class for the bilateral swaps. The other four asset classes, they have different compliance dates, so, as we mentioned, the interest rate and credit would begin July 16th, and then 90 days after, the other three, but we do have a distinction for the other commodity asset class based on comments that we received and conversations that we've had. I
think consistency and many market participants
would participate in multiple asset classes, so we
chose to go the route of the caps to protect, and
just for internal use, we think that it made more
sense to go that way.

COMMISSIONER WETJEN: Thank you.
There's also this requirement that uncleared swaps
be reported. And as I understand it from
discussions with both your team and market
participants, a lot of times these swaps will have
-- or they'll have contained in the pricing some
type of counterparty risk. I mean, is there -- I
guess how and why is the pricing information for
these swaps relevant if there is, in fact,
embedded in the pricing some kind of counterparty
risk, which is, you know, obviously, unique to
that counterparty?

MR. STEINER: So, these swaps would have
a designation that they're bespoke or an
indication that it's a pure bilateral swap. We do
have a data field that breaks out, but doesn't
break out credit separately. Credit's not
separately reportable. It's just sort of the
difference in price, so that prices can be
compared across different -- similar types of
swaps. But we believe that the public
dissemination of this data will actually provide
market participants and the public with a clearer
understanding of the depth of a particular market,
the frequency and trading in that market, and the
pricing of transactions with the same or similar
underlying assets. And that, combined with the
designation of -- that it's a bespoke transaction
would enable market participants to actually
utilize that data.

COMMISSIONER WETJEN: That's all I have,
Mr. Chairman.

CHAIRMAN GENSLER: Thank you,
Commissioner Wetjen. I'm going to ask unanimous
consent first. If we can drop a footnote in the
appropriate page to the question I asked Jeff, but
it would be whatever footnote Mr. Auten, who works
with Commissioner Sommers, and Eric Uzanis have
worked out back here, or will work out in the next
six hours or whatever, you know, obviously, making sure that other Commissioners -- that it just narrowly basically says that DCM and exempt commercial markets, what they do now is still -- fits in this thing; that somehow, that we're not gumming that up.

COMMISSIONER O'MALIA: Mr. Chairman,
you're asking for unanimous consent that we get a unanimous solution before we make the change, or --

CHAIRMAN GENSLER: No, no. I'm just that we accept whatever these -- I mean, they have -- you've worked out some footnote, right?

COMMISSIONER O'MALIA: All right. As long as we all see it and agree to it.

CHAIRMAN GENSLER: Yeah. Mr. Stawick?

MR. STAWICK: Commissioner Wetjen?

COMMISSIONER WETJEN: Aye.

MR. STAWICK: Commissioner Wetjen, aye.

Commissioner O'Malia?

COMMISSIONER O'MALIA: Aye.

MR. STAWICK: Commissioner O'Malia, aye.
Commissioner Chilton?

COMMISSIONER CHILTON: Aye.

MR. STAWICK: Commissioner Chilton, aye.

Commissioner Sommers?

COMMISSIONER SOMMERS: Aye.

MR. STAWICK: Commissioner Sommers, aye.

Mr. Chairman?

CHAIRMAN GENSLER: Aye.

MR. STAWICK: Mr. Chairman, aye. Mr. Chairman, on this question, the ayes are five, the nayes are zero, and the results of this vote is unanimous in the affirmative.

CHAIRMAN GENSLER: The ayes having it, the staff recommendation is accepted, and it will be sent to the Federal Register.

Our next scheduled public meeting is Wednesday, January 11th. The subjects of the rulemaking will be presented one week in advance on the website. And if there's no other -- okay, there's -- I did the technical corrections.

Commissioner O'Malia?

COMMISSIONER OMALIA: Well, on the
subject of the schedule, I would note, in your opening remarks, you said thoughtful and not against the clock, and I appreciate that. Several other Commissioners have referenced it, and I would even note that in David Taylor's rule that the data reporting requirements accommodate holidays. Now, we are obviously approaching some significant holidays, and we have a hearing on -- a meeting on the 11th in which we're going for. I understand there's probably going to be a meeting on the 17th as well. That's a short week. That's only obviously a week to take on additional work, and I would hope that before you leave on your vacation, that you would give us our to-do list, and see if we can absolutely get that nailed down, so we know exactly what we need, we know which teams are going to have to be here over the holidays to respond to our questions because the 17th -- due to the fact -- normally, we have two weeks in between meetings.

CHAIRMAN GENSLER: Yeah.

COMMISSIONER O'MALIA: We won't have
that and, you know, we move the 5th to the 11th, 
and I'm fine with that, but --

CHAIRMAN GENSLER: I think I did that at 
the request of the Commission.

COMMISSIONER O'MALIA: I completely --
because the 5th was a tough time frame to meet, as 
well, but if you could, before you leave, that we 
would have that sense among the Commissioners so 
we know exactly what we're working on because 
staff needs --

CHAIRMAN GENSLER: There --

COMMISSIONER O'MALIA: -- to take it 
with on their holiday.

CHAIRMAN GENSLER: I'll do this all 
publicly. There's five pens-down versions right 
now that we know of. There's this segregation for 
cleared swaps, and I would hope that we could 
possibly consider that on that first meeting in 
January. There's registration for the swap 
dealers and MSPs. There's both external and 
internal business conduct. The internal is just 
the, you know, what sometimes I call
internal-internal. It's not the documentation, as you know. And there's the -- I'll call it 4.15, the CPO rule.

We're hoping in the next days to get all of you the entity definition, pens-down version. It's in very good shape, but it's still working its way through with the SEC and CFTC, and I think that's within days. So, those are the six possible for consideration in January, and I would be hopeful that we could maybe do segregation, the external business conduct, and the registration rule, possibly. But it's depending upon your feedback and input, and we'll -- as I say, we're not going to do this against a clock, we're going to do them based on the feedback and input. And if you all -- you know, but I know it's all flight schedules and everything. If everybody says, well, let's move the 17th a few days and move that back a week, you know, I'd have to work with everybody's schedule. And if you want to make the 17th the following week, the 24th or the 25th, depending upon -- I'm open to that, too, if that
works for folks here.

COMMISSIONER O'MALIA: Thank you very much.

CHAIRMAN GENSLER: Since I'm going on vacation, did I -- I did it all before I'm leaving on vacation.

COMMISSIONER O'MALIA: Yes, do you empower staff to negotiate on your behalf?

(Laughter)


COMMISSIONER O'MALIA: We look forward to your return.

CHAIRMAN GENSLER: Yeah. If there are no further Commission business, I want to thank everybody for all their work. I think these are two incredibly important rules for the public, but I also want to wish you and your families well on this holiday time, and I will probably see you after the New Year.

Do I have a motion to adjourn the meeting?

COMMISSIONER SOMMERS: So moved.
CHAIRMAN GENSLER: All in favor? Aye.

GROUP: Aye.

CHAIRMAN GENSLER: Great.

(Whereupon, at 12:05 p.m., the PROCEEDINGS were adjourned.)

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CERTIFICATE OF NOTARY PUBLIC

DISTRICT OF COLUMBIA

I, Christine Allen, notary public in and for the District of Columbia, do hereby certify that the forgoing PROCEEDING was duly recorded and thereafter reduced to print under my direction; that the witnesses were sworn to tell the truth under penalty of perjury; that said transcript is a true record of the testimony given by witnesses; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was called; and, furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

(Signature and Seal on File)

Notary Public, in and for the District of Columbia

My Commission Expires: January 14, 2013