



## U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of  
Market Oversight

September 16, 2011

### **Temporary and Conditional Relief from the Requirements of §§ 20.3 and 20.4 of the Commission's Regulations Regarding Large Swaps Trader Reporting for Physical Commodities**

By this letter, the Division of Market Oversight ("Division") of the Commodity Futures Trading Commission ("Commission") is making available temporary relief from the requirements of §§ 20.3 and 20.4 of the Commission's regulations regarding large trader reporting of physical commodity swaps activity. Reliance on this relief is voluntary and parties may choose to provide fully compliant §§ 20.3 and 20.4 reports to the Commission beginning September 20, 2011.

On July 22, 2011, the Commission published large trader reporting rules for physical commodity swaps and swaptions. 76 FR 43851. Section 20.3 of the reporting rules requires daily reports from clearing organizations. Section 20.4 of the reporting rules requires daily reports from clearing members and swap dealers. Section 20.7 outlines the form and manner of reporting for both reports. The rules will be codified in new part 20 of the Commission's regulations and become effective on September 20, 2011.

Section 20.10 establishes a flexible implementation framework for part 20. More specifically, § 20.10(c) allows for the submission of reports pursuant to §§ 20.3 and 20.4 that differ in content, or are submitted in a form and manner other than as prescribed, for six calendar months following the effective date of part 20, provided that submitters are making a good faith

attempt to comply with part 20. Section 20.8(a)(5) delegates this authority to the Director of the Division.

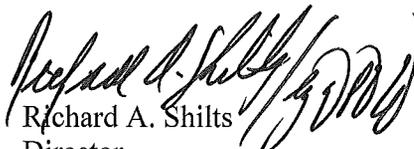
Division staff is actively engaged in ongoing compliance and implementation discussions with clearing organizations, clearing members, potential swap dealers, and data service providers, both separately and through the International Swaps and Derivatives Association and the Futures Industry Association. The Division believes that the participants in these discussions are representative of the parties that will be subject to the reporting rules. The Division further believes that the continuing participation of expected reporting parties in discussions to address compliance and implementation issues raised by the reporting rules represents a good faith attempt to comply with the requirements of part 20. Accordingly, consistent with the authority delegated by § 20.8(a)(5), the Director of the Division has determined to relieve clearing organizations and clearing members as a class from the reporting requirements of §§ 20.3 and 20.4 until November 21, 2011 for cleared swaps, and January 20, 2012 for uncleared swaps. Upon the conclusion of applicable relief periods, such reporting parties shall become fully compliant with §§ 20.3 and 20.4 on an ongoing basis, as may be further modified by § 20.10.

As a condition of this relief, clearing organizations for cleared swaps and separately clearing members for cleared and uncleared swaps (other than clearing members that are defined as such in § 20.1 solely because they are swap counterparties to exclusively-self cleared contracts as described in § 15.00 of the Commission's regulations) are required to provide open interest data for positions as of each month end during the applicable relief period, beginning with September 30, 2011, to be submitted no later than February 20, 2012. Submitted open interest data must be reported on a futures equivalent basis in terms of contracts listed in § 20.2 of the reporting rules. The open interest data must allow the Commission to readily identify and

distinguish swaps: (1) by the identifier assigned by a clearing organization for a cleared product; (2) that are cash settled based on the difference in price of the same commodity (or substantially the same commodity) at different delivery locations; and (3) that are based on an index comprised of prices of commodities that are not the same or substantially the same commodity (other than calendar spread or inter-commodity spread swaps). Open interest attributable to uncleared swaps must also be reported separately by the counterparty to such swaps. The Division further reminds the public that other applicable provisions of part 20, including the special call provision of § 20.5(b) and the books and records requirements of § 20.6, become effective on September 20, 2011.

For additional information, contact Bruce Fekrat, Senior Special Counsel, Division of Market Oversight, at (202) 418-5578.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Shilts", written over a printed name.

Richard A. Shilts  
Director  
Division of Market Oversight