

Board of Governors of the Federal Reserve System

Joint Press Release

Board of Governors of the Federal Reserve System
Farm Credit Administration
Federal Deposit Insurance Corporation
Federal Housing Finance Agency
Office of the Comptroller of the Currency

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Agencies Release Swap Margin Guidance

The Federal Reserve Board and the Office of the Comptroller of the Currency (OCC) on Thursday issued guidance explaining how supervisors should examine for compliance with the swap margin rule, which established margin requirements for swaps not cleared through a clearinghouse.

The guidance explains that the Board and the OCC expect swap entities covered by the rule to prioritize their compliance efforts surrounding the March 1, 2017, variation margin deadline according to the size and risk of their counterparties.

Margin requirements help ensure the safety and soundness of swap trading and help reduce risk to the financial system associated with non-cleared swaps. The final rule incorporated a phase-in period for swap entities to begin exchanging variation margin with their swap counterparties. The phase-in period gave markets and firms time to adjust to the new requirements, which were adopted in October 2015.

The guidance explains that swap entities' compliance with counterparties that present significant credit and market risk exposures is expected to be in place on March 1, 2017, as laid out in the final rule. For other counterparties that do not present significant credit and market risks, the OCC and the Board expect swap entities to make good faith efforts to comply with the final rule in a timely manner, but no later than September 1, 2017.

The Farm Credit Administration, the Federal Deposit Insurance Corporation, and the Federal Housing Finance Agency also administer the final rule for institutions under their jurisdiction, but currently have no swap entities affected by this guidance. However, they support the guidance issued by the Board and the OCC.

The Board and the OCC will continue to monitor the implementation of the rule in accordance with the guidance issued today.

[SR Letter 17-03: Initial Examinations for Compliance with Minimum Variation Margin Requirements for Non-Cleared Swaps and Non-Cleared Security Based Swaps](#)

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