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CFTC Staff Issues No-Action Relief for Floor Traders Engaged in Swaps Activity

Washington, DC — The Commodity Futures Trading Commission's (CFTC) Division of Swap Dealer and Intermediary Oversight (DSIO) announced today that it will provide no-action relief to registered floor traders from compliance with certain conditions in a CFTC regulation related to the "swap dealer" definition.

"Today's relief eliminates ambiguity for market participants wishing to engage in swaps activity in their capacity as a floor trader," said DSIO Director Matthew Kulkin. "Such clarity will encourage new liquidity providers to trade cleared swaps on registered venues without regulatory uncertainty, benefiting market participants seeking to access liquid, competitive cleared swaps markets."

Under paragraph (6)(iv) of the swap dealer definition in CFTC regulation 1.3, a registered floor trader does not need to consider cleared swaps executed on or subject to the rules of a designated contract market or swap execution facility (DCM and SEF Cleared Swaps) when determining whether it is a swap dealer, provided certain conditions are satisfied. The no-action relief provided today would permit a registered floor trader to exclude DCM and SEF Cleared Swaps from the determination of whether it is a swap dealer, notwithstanding the registered floor trader: (1) entering into swaps other than DCM and SEF Cleared Swaps; (2) directly or through an affiliated person, negotiating the terms of swaps other than DCM and SEF Cleared Swaps; or (3) not submitting periodic risk reports as required by CFTC regulation 23.600(c)(2).

This no-action relief is conditioned upon the registered floor trader complying with CFTC regulations 23.201, 23.202, 23.203, and 23.600 (other than 23.600(c)(2)) with respect to each of its swaps (including swaps that are not DCM and SEF Cleared Swaps) as if it were a swap dealer.