

## Release Number 8328-20

# CFTC Unanimously Approves Final Rules Related to Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants

December 08, 2020

**Washington, D.C.** — In advance of today's open meeting, the Commodity Futures Trading Commission approved two final rules related to margin requirements for uncleared swaps for swap dealers (SD) and major swap participants (MSP).

### [Final Rule: Margin Requirements for Uncleared Swaps for SDs and MSPs \(Minimum Transfer Amount\)](#)

- [Statement of Commissioner Stump](#)
- [Statement of Commissioner Berkovitz](#)

The Commission unanimously approved a final rule that amends the margin requirements for uncleared swaps for SDs and MSPs for which there is no prudential regulator (CFTC Margin Rule). The final rule permits the application of a minimum transfer amount (MTA) up to \$50,000 for each separately managed account of a legal entity that is a counterparty to an SD or MSP in an uncleared swap transaction, and also permits the application of separate MTAs for initial margin and variation margin.

The rule is effective 30 days after publication in the Federal Register.

### [Final Rule: Margin Requirements for Uncleared Swaps for SDs and MSPs \(Material Swaps Exposure Definition and Initial Margin Calculation\)](#)

- [Statement of Commissioner Quintenz](#)
- [Statement of Commissioner Stump](#)
- [Statement of Commissioner Berkovitz](#)

The Commission unanimously approved a final rule that amends the CFTC Margin Rule's definition of material swaps exposure (MSE) by revising the method for calculating the average aggregate notional amount of uncleared swaps and other financial products (AANA) for determining MSE. More specifically, the final rule changes the period for calculating AANA from June, July, and August of the prior year, to March, April, and May of the current year, requiring the averaging of month-end AANA instead of daily AANA over the three-month calculation period. The final rule also establishes September 1 of each year as the date for determining MSE after the end of the phased compliance schedule for initial margin (IM).

These amendments to the definition of MSE align the CFTC Margin Rule with the Basel Committee on Banking Supervision and the International Organization of Securities Commissions' Framework for margin requirements for non-centrally cleared derivatives (BCBS/IOSCO Framework) with respect to the method of calculation of AANA for determining whether an entity comes within the scope of the IM requirements at the end of the last phase of compliance with the margin requirements and the timing of compliance after the last phase of compliance.

In addition, the final rule amends the CFTC Margin Rule to allow SDs and MSPs subject to the rule to use the risk-based model calculation of IM of a counterparty that is a CFTC-registered SD or MSP to determine the amount of IM to be collected from the counterparty and to determine whether the IM threshold amount for the exchange of IM has been exceeded such that documentation concerning the collection, posting, and custody of IM would be required.

The rule is effective 30 days after publication in the Federal Register.

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