

Release Number 8330-20

CFTC Unanimously Approves Final Rules Related to SEFs and Withdraws Unadopted Proposals

December 08, 2020

Washington, D.C. — The Commodity Futures Trading Commission announced that it has approved two final rules related to SEFs, and withdrawn proposals that were not adopted. The Commission approved these items in advance of today's Open Meeting.

Final Rule: Swap Execution Facilities (Audit Trail, Financial Resources, and CCO Requirements)

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

The Commission unanimously approved a final rule to amend CFTC Regulation Part 37 addressing operational issues facing swap execution facilities (SEF) and their market participants in connection with the Commission's regulatory requirements for a SEF's audit trail data, financial resources, and chief compliance officer (CCO). Specifically, the rule updates the following elements of the SEF regulatory regime:

- i. Audit trail data: The final rule eliminates the requirement for a SEF to capture and retain post-execution allocation information in its audit trail data.
- ii. Financial resources: The final rule applies the existing Core Principle 13 financial resources requirements to SEF operations in a less burdensome manner, including through amendments to the existing six-month liquidity requirement and the addition of new acceptable practices providing further guidelines to SEFs for making a reasonable calculation of their projected operating costs.
- iii. CCO: The final rule streamlines requirements for the CCO position, allows SEF management to exercise greater discretion in CCO oversight, and simplifies the preparation and submission of the required annual compliance report.

The rule is effective 90 days after publication in the Federal Register.

Final Rule: Exemptions from Swap Trade Execution Requirement

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

The Commission unanimously approved a final rule that establishes two exemptions from the statutory requirement to execute certain types of swaps on a SEF or a DCM. The first such exemption applies to a swap that qualifies for, and meets the associated requirements of, any exception or exemption under Part 50 of the Commission's regulations. The second codifies relief provided under CFTC Staff Letter No. [17-67](#), and prior staff letters, and applies to a swap that is entered into by eligible affiliate counterparties and cleared, regardless of the affiliates' ability to claim the inter-affiliate clearing exemption under CFTC Regulation Part 50.52.

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

Withdrawal of Unadopted Proposals in the 2018 SEF Proposed Rule: Swap Execution Facilities and Trade Execution Requirement

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

The Commission unanimously approved the withdrawal of the unadopted portions of the [2018 Swap Execution Facilities and Trade Execution Requirement Proposed Rule](#).

The withdrawal is effective upon publication in the Federal Register

-CFTC-