

Release Number 8331-20

CFTC Approves Two Final Rules at December 8 Open Meeting

Commission Adopts First Overhaul of Bankruptcy Rules in 37 Years

December 08, 2020

Washington, D.C. — The Commodity Futures Trading Commission at its open meeting today approved the following final rules:

Final Rule: Electronic Trading Risk Principles

The Commission approved amendments to CFTC Regulation Part 38 to address the potential risk of a designated contract market's (DCM) trading platform experiencing a market disruption or system anomaly due to electronic trading. The final rules set forth three principles applicable to DCMs concerning:

- i. the implementation of exchange rules applicable to market participants to prevent, detect, and mitigate market disruptions and system anomalies associated with electronic trading;
- ii. the implementation of exchange-based pre-trade risk controls for all electronic orders; and
- iii. prompt notification to Commission staff of any significant market disruptions on their electronic trading platforms.

In addition, the final rules include acceptable practices, which provide that a DCM can comply with these principles by adopting and implementing rules and risk controls reasonably designed to prevent, detect, and mitigate market disruptions and system anomalies associated with electronic trading.

The rule is effective upon publication in the Federal Register. DCMs must be in full compliance with the requirements of this rule within 180 calendar days after the effective date.

Final Rule: Part 190 Bankruptcy Regulations

The Commission unanimously approved amendments to CFTC Regulation Part 190, which governs bankruptcy proceedings of commodity brokers. The amendments comprehensively update Part 190 to reflect current market practices and lessons learned from past commodity broker bankruptcies.

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

Additional information on today's open meeting, the 20th under Chairman Tarbert, is available [here](#).

Additional Commission Business

In advance of today's meeting, the Commission approved five final rules and withdrew the unadopted portions of the [2018 Swap Execution Facilities and Trade Execution Requirement Proposed Rule](#). [See CFTC Press Release Nos. [8328-20](#), [8329-20](#) and [8330-20](#)]

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