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CFTC Chairman Giancarlo Congratulates SEC on Adopting Final Rules Establishing Capital Requirements for Security-Based Swap Dealers and Margin for Uncleared Security-Based Swap Transactions

Washington, DC — Commodity Futures Trading Commission (CFTC) Chairman J. Christopher Giancarlo today offered his congratulations to the U.S. Securities and Exchange Commission (SEC) on the adoption of final rules imposing capital and segregation requirements for security-based swap dealers and margin rules for uncleared security-based swap transactions.

This action by the SEC reflects constructive dialogue and determined efforts at harmonization between the two Federal market regulators and represents the final piece of the margin regime for uncleared swap and security-based swap products in the U.S. Previously, the CFTC adopted margin requirements for swap dealers engaging in swap transactions and the U.S. prudential authorities established margin requirements for swap dealers transacting in both uncleared security-based swaps and swaps.

CFTC Chairman Giancarlo congratulates the SEC for further providing a framework of an alternative compliance mechanism for non-broker-dealer entities that are registered as both swap dealers with the CFTC and security-based swap dealers with the SEC. The alternative compliance mechanism will allow dual registrants that predominantly deal in swaps and do not have a significant amount of security-based swap positions to elect to comply with the capital, margin, and segregation requirements of the CFTC in lieu of SEC requirements. The alternative compliance mechanism reduces compliance costs to dual registrants, while also ensuring that registrants are subject to appropriate regulatory oversight. The finalization of the SEC's capital rules for security-based swap dealers paves the way for the CFTC to initiate the process of completing swap dealer capital and financial reporting requirements.

"Today's action confirms the continuing implementation of G-20 post-crisis reforms by US financial market regulators that is committed to inter-agency harmonization and proper calibration for healthy capital markets and robust economic growth," said CFTC Chairman J. Christopher Giancarlo

"This SEC final rule represents a gigantic leap forward in the harmonization of swap dealer and security-based swap dealer regulations," said CFTC Commissioner Brian Quintenz. "This unprecedented progress came about as a result of a robust and consistent dialogue between the agencies at all levels and across multiple divisions. My sincerest compliments to the SEC Office of Broker-Dealer Finances in the Division of Trading and Markets, as well as Commissioner Peirce, Chairman Clayton, and their respective staffs for their early outreach and positive engagement on this rulemaking and for delivering such an impressive final result. I look forward to working with CFTC staff to finalize our own capital regime for swap dealers in the near future."