

## **Public Statements & Remarks**

### **Statement of Commissioner Dawn D. Stump on Refining Uncleared Margin Rules**

**July 22, 2020**

Today the Division of Swap Dealer and Intermediary Oversight made presentations before the Commission and provided a good basis for subsequent Commission action on specific enhancements to the Uncleared Margin Rules. I wish to thank the staff and my fellow Commissioners for working with me on those matters, and I hope we can continue to work together to address many of the other recommendations included in the report recently sent to the Commission from the Global Markets Advisory Committee.

I would like to say just a few words about why we need to thoughtfully consider some of the other recommendations from the recent report. To be clear, I am not advocating for a roll-back of the uncleared margin regulations that are today applied to large financial institutions engaged in swap transactions with one another. Rather, as these regulations are just now being applied to a new set of financial end users, we have a responsibility to ensure they are fit for that purpose.

Title VII of the Dodd-Frank Act dealt with many complex provisions and major changes to the swap market structure. Having been present for the development of the legislation in 2009 and 2010, my recollection is that the vast majority of the concepts debated prior to the passage of Dodd-Frank, at least those applicable to the derivatives markets, were broadly supported, and the bulk of the hand-wringing and consternation was limited to a few provisions, most of which centered on concerns from lawmakers about how the new requirements being necessarily applied to the largest banks would be extended to impact end users and whether that might present practical challenges.

Here we are, ten years later, and some may be surprised that we continue to struggle with this. But the reality is that only now are these uncleared margin provisions being phased in to apply to certain end users. So it really should not come as a surprise that now is the time to thoughtfully consider whether rules designed to ensure the exchange of margin between the largest financial institutions need to be tailored to account for the exchange of margin in which one of the counterparties is an insurance provider, a pension plan manager, a mortgage service provider, or other type of end user. The Global Markets Advisory Committee report recommends several actions beyond those we are considering today that the Commission should consider to address the unique challenges associated with the application of the uncleared margin regulations to end users – challenges that caused uneasiness in 2010 but are becoming more evident in 2020.

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