

## Public Statements & Remarks

### Statement of Support by Commissioner Brian Quintenz Regarding Amendments to Regulation 23.161 - Extending the Compliance Schedule for Initial Margin Requirements for Uncleared Swaps in Response to the COVID-19 Pandemic

**May 28, 2020**

I am pleased to support the interim final rule to defer the phase 5 compliance date of September 1, 2020 to September 1, 2021 in light of the unprecedented economic and social impacts of COVID-19. Under these difficult circumstances, I think it is appropriate to provide phase 5 firms with additional time to comply, ensuring that their already strained resources are not diverted from ongoing business continuity efforts. I would also support a one year deferral for the phase 6 compliance date, in line with the BCBS-IOSCO recent amendments to the recommended margin framework to push out, respectively, the phase 5 and phase 6 compliance dates by one year.<sup>[1]</sup> As I have noted previously, given the large number of firms brought into scope during phases 5 and 6, the estimated 7,000 initial margin relationships that need to be negotiated, and the small overall percentage of swap activity these firms represent, a one year deferral for these final phases is appropriate in order to facilitate an efficient, orderly transition for the market into the uncleared margin regime.

As we approach these final compliance deadlines, I also think it is appropriate to reflect on how the uncleared margin regime can be improved to address some of the compliance challenges experienced in earlier stages. During last week's meeting of the Global Markets Advisory Committee (GMAC), I found the presentation of the Subcommittee on Margin Requirements for Non-Cleared Swaps regarding its recommendations to improve our margin framework to be incredibly informative. <sup>[2]</sup> I look forward to working with staff to review all of the Subcommittee's recommendations and I appreciate the hard work, thoughtfulness, and dedication that went into producing the Subcommittee's report.

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[1] See Basel Committee on Banking Supervision and Board of the International Organization of Securities Commissions, Margin Requirements for Non-Centrally Cleared Derivatives (Apr. 2020), available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD651.pdf>.

[2] See *Recommendations to Improve Scoping and Implementation of Initial Margin Requirements for Non-Cleared Swaps*, Report to the CFTC's Global Markets Advisory Committee by the Subcommittee on Margin Requirements for Non-Cleared Swaps (May 2020), [https://www.cftc.gov/media/3886/GMAC\\_051920MarginSubcommitteeReport/download](https://www.cftc.gov/media/3886/GMAC_051920MarginSubcommitteeReport/download).

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