

## **CFTC Staff Issues Four No-Action Letters Providing Relief in Connection with Issues Relating to Swaps Regulation**

**Washington, DC** – Staff of the U.S. Commodity Futures Trading Commission (CFTC) today issued four no-action letters that address certain issues relating to swaps regulation, following the announcement earlier today by European Commissioner Michel Barnier and CFTC Chairman Gary Gensler of a Path Forward regarding their joint understandings on a package of measures for how to approach cross-border derivatives.

Two of the letters were issued by the CFTC's Division of Clearing and Risk (DCR) to two European-based clearing organizations, respectively, to facilitate their provision of certain clearing services to clearing members that are U.S. persons, during the pendency of their derivatives clearing organization (DCO) registration applications. In the respective letters, DCR provided no-action relief as follows:

- DCR will not recommend that the CFTC take enforcement action against LCH.Clearnet SA (LCH.C SA) for failing to register as a DCO under Section 5b(a) of the Commodity Exchange Act (CEA) with respect to clearing certain credit default swaps on a broad-based index of reference entities (Index CDS). In addition, DCR will not recommend enforcement action against U.S. clearing members of LCH.C SA for failing to clear their proprietary Index CDS business through a registered DCO.
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- DCR will not recommend that the CFTC take enforcement action against Eurex Clearing AG (Eurex Clearing) for failing to register as a DCO under Section 5b(a) of the CEA with respect to clearing certain interest rate swaps (IRS) and certain Index CDS. In addition, DCR will not recommend enforcement action against U.S. clearing members of Eurex Clearing for failing to clear their proprietary IRS and Index CDS business through a registered DCO.
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In each case, the relief will be effective until the earlier of (1) December 31, 2013, or (2) the date upon which the CFTC approves LCH.C SA's or Eurex Clearing's (as applicable) pending application for registration as a DCO.

A third no-action letter was issued by the CFTC's Division of Swap Dealer and Intermediary Oversight (DSIO), providing relief from certain designated risk mitigation requirements applicable to registered swap dealers (SDs) and major swap participants (MSPs) organized or established in the United States or European Union with respect to certain transactions, when such transactions are subject to both section 4s of the CEA and Article 11 of the European Market Infrastructure Regulation (EMIR). Under the terms of the no-action letter, DSIO stated that relief would be extended to SDs and MSPs for whom, under both regimes, the requirements are essentially identical and the SD or MSP complies with the requirements under EMIR. The scope of relief provided in the no-action letter is subject to the specific conditions that are enumerated in the letter, including its limitation to the products and participants described in the letter.

Finally, the CFTC's Division of Market Oversight (DMO) issued a no-action letter that expands the relief previously provided under the terms of the 16 existing direct access no-action letters issued by CFTC staff. Pursuant to the previous no-action letters, a foreign board of trade (FBOT) may permit identified members or other participants located in the United States to enter trades directly into the trade matching system of the FBOT only with respect to futures and option contracts. Under the terms of the no-action letter issued today, DMO amended the previous no-action letters to permit those FBOTs to list swap contracts for trading by direct access, subject to certain conditions that are enumerated in the letter.