



## U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre  
1155 21st Street, NW, Washington, DC 20581  
Telephone: (202) 418-5000  
Facsimile: (202) 418-5521  
[www.cftc.gov](http://www.cftc.gov)

Gary Barnett  
Director

### Division of Swap Dealer and Intermediary Oversight

CFTC Letter No. 14-120  
No-Action  
September 30, 2014  
Division of Swap Dealer and Intermediary Oversight

**Re: Extension of Time-Limited No-Action Relief with Regard to Compliance with  
Regulation 30.7(c)**

Dear \_\_\_\_\_:

This is in response to your letter dated August 25, 2014, to the Division of Swap Dealer and Intermediary Oversight (the "Division") of the Commodity Futures Trading Commission (the "Commission" or "CFTC") (the "Letter"). By the Letter, you request an extension of the temporary no-action relief that the Division granted to your client, "X," a registered futures commission merchant ("FCM"), in CFTC Letter 14-08.<sup>1</sup> The temporary no-action relief provided in CFTC Letter 14-08 expires on September 10, 2014.

On August 28, 2014, the Division issued an interpretation of Commission Regulation 30.7(c)<sup>2</sup> permitting FCMs to hold customer funds for trading on foreign futures markets in bank deposit accounts maintained with banks licensed in the United Kingdom.<sup>3</sup> The Division's interpretation, however, did not address the deposit of customer funds in bank accounts maintained with banks licensed to conduct business in Hong Kong.

In the Letter, you state that X intended to transfer its customer funds in Hong Kong from a bank to a foreign broker. You also state that the transfer would be subject to the foreign broker's receipt of all necessary regulatory authorizations and implementation of the required operational procedures. You note that the operational procedures required to be in place before the transfer takes place will not be fully implemented before September 10, 2014, and request an extension of the no-action position set forth in CFTC Letter 14-08 with respect to customer funds in Hong Kong until March 31, 2015. In this regard, you note that all terms and conditions contained in CFTC Letter 14-08 will remain in place.

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<sup>1</sup> See CFTC Ltr. No. 14-08, available at <http://www.cftc.gov/ucm/groups/public/@lrllettergeneral/documents/letter/14-08.pdf>.

<sup>2</sup> See 17 CFR 30.7(c).

<sup>3</sup> See CFTC Ltr. No. 14-110, available at <http://www.cftc.gov/ucm/groups/public/@lrllettergeneral/documents/letter/14-110.pdf>.

Based on the foregoing, the Division is extending the no-action position contained in CFTC Letter 14-08 with respect to X's secured customer funds deposited in bank deposit accounts maintained with a bank in Hong Kong. Accordingly, the Division will not recommend that the Commission initiate an administrative action against X for holding customer funds in Hong Kong in a manner described in CFTC Letter 14-08. This relief is conditioned upon X continuing to meet all of the terms and conditions listed in CFTC Letter 14-08. This relief expires on March 31, 2015.

The position taken herein concerns enforcement actions only and does not represent a legal conclusion with respect to the applicability of any provision of the Commodity Exchange Act or the Commission's regulations. In addition, the Division's position does not necessarily reflect the views of the Commission or any other division or office of the Commission. Because this position is based upon the representations made by you to the Division, including the representations made in the Letter, it should be noted that any materially different, changed, or omitted facts or circumstances may require a different conclusion or render this letter void. Finally, as with all no-action letters, the Division retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the no-action relief provided herein, in its discretion.

Should you have any questions, please do not hesitate to contact Francis Kuo, Attorney-Advisor, at (202) 418-5695, or Thomas Smith, Deputy Director, at (202) 418-5495.

Sincerely,

Gary Barnett  
Director