



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Market Oversight

Division of Clearing and Risk

CFTC Letter No. 14-122
No-Action
October 8, 2014
Division of Market Oversight
Division of Clearing and Risk

Muthukrishnan Ramaswami
Director
Singapore Exchange Derivatives Clearing Limited
2 Shenton Way, #19-00 SGX Centre 1
Singapore 068804

Re: Request for No-Action Relief from Part 45 of the Commission's Regulations

Dear Mr. Ramaswami:

This is in response to your August 6, 2014 letter ("Letter") to the Division of Market Oversight and the Division of Clearing and Risk (collectively, the "Divisions") of the Commodity Futures Trading Commission (the "Commission"). In the Letter, Singapore Exchange Derivatives Clearing Limited ("SGX-DC"), a Commission-registered derivatives clearing organization ("DCO"), requests no-action relief from the requirements of Part 45 of the Commission's regulations.

Background

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act¹ amended the Commodity Exchange Act (the "CEA") to, among other things, establish requirements regarding the retention and reporting of data regarding swap transactions. To implement these requirements, the Commission adopted its Part 45 regulations,² which sets forth swap data recordkeeping requirements, as well as requirements for the reporting of swap data to a registered swap data repository ("SDR").

By order issued December 27, 2013, the Commission granted SGX-DC registration as a DCO. As a registered DCO, SGX-DC has certain reporting obligations pursuant to Part 45.³

¹ Pub. L. 111-203, 124 Stat. 1376 (2010).

² Swap Data Recordkeeping and Reporting Requirements, 77 Fed. Reg. 2136 (Jan. 13, 2012).

³ See 17 C.F.R. §§ 45.3, 45.4.

Statement of Facts

Based on the representations made by SGX-DC in the Letter, the Divisions understand the relevant facts to be as follows:

SGX-DC anticipates the admission of its first futures commission merchant (“FCM”) clearing member, which would allow SGX-DC to begin clearing for U.S. customers, and is currently in discussions with additional parties interested in membership. SGX-DC has been working to implement technological upgrades to its system to comply with the Part 45 reporting requirements, but does not expect its systems to be ready upon admission of its first FCM clearing member. SGX-DC considered implementing an interim manual solution to satisfy its Part 45 reporting requirements. However, due to the complexity of having to gather all of the necessary data manually, SGX-DC deemed such an option untenable.

Discussion of Request for No-Action Relief

The Divisions accept, without independent analysis, SGX-DC’s representations that it is actively developing its technological systems in order to meet its Part 45 obligations. Granting the relief requested is appropriate in order to allow SGX-DC time to develop its systems, while promoting competition and enhancing choice in clearing services for U.S. customers. The Divisions note that while this no-action letter grants SGX-DC relief from certain Part 45 reporting requirements during the no-action period, such relief is conditioned upon SGX-DC backloading data for each swap that would have otherwise been required to be reported to a registered SDR during the period of relief by May 30, 2015.

Grant of No-Action Relief

Based on the facts presented and representations of SGX-DC, the Divisions will not recommend that the Commission take enforcement action against SGX-DC for failure to comply with the applicable swap data reporting requirements of Commission Regulations 45.3 and 45.4, subject to the following conditions:

- (1) Limited Duration. This relief shall expire on the earlier of: (i) such time as SGX-DC is able to comply with the applicable swap data reporting requirements of Commission Regulations 45.3 and 45.4; or (ii) **April 30, 2015**.
- (2) Backloading Data. SGX-DC must backload and report to an SDR or SDRs all Part 45 data for swaps cleared during the pendency of the period of relief provided herein, which SGX-DC would have been required to report in the absence of this no-action relief, by no later than **May 30, 2015**.

The relief provided in this letter does not extend to the swap data recordkeeping requirements of Commission Regulation 45.2. Additionally, the relief provided herein does not excuse SGX-DC from any other obligations under the CEA or Commission regulations.

The position taken herein concerns enforcement action only and does not represent a legal conclusion with respect to the applicability of any provision of the CEA or the Commission's regulations. In addition, the Divisions' 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 SGX-DC to the Divisions, including the representations contained in its no-action request dated August 6, 2014, it should be noted that any different, changed, or omitted material facts or circumstances may require a different conclusion or render this letter void. Finally, as with all no-action letters, the Divisions retain the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the no-action relief provided herein, in their discretion.

If you have any questions concerning this correspondence, please contact Stuart Armstrong, Special Counsel, Division of Market Oversight, at sarmstrong@cftc.gov or (202) 418-5095 or Joseph Opron, Attorney-Advisor, Division of Clearing and Risk, at jopron@cftc.gov or (312) 596-0653.

Sincerely,

Vincent A. McGonagle
Director
Division of Market Oversight

Ananda Radhakrishnan
Director
Division of Clearing and Risk