



Commodity Futures Trading Commission

Office of Public Affairs

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Core Principles and Other Requirements for Swap Execution Facilities Questions & Answers

What is the goal of the rulemaking?

The final rulemaking implements Section 733 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), which added Section 5h of the Commodity Exchange Act (CEA) governing the registration and operation of swap execution facilities (SEFs).

Who is affected by the rulemaking?

The final rulemaking affects trading systems and platforms for the trading of swaps, market participants trading swaps, intermediaries facilitating the trading of swaps, and other registered entities or registrants under the CEA.

How does the rulemaking implement the applicable provisions of the Dodd-Frank Act?

The final rulemaking implements the relevant provisions of the Dodd-Frank Act by adopting regulations, guidance, and acceptable practices applicable to SEFs under Part 37 of Title 17 of the Code of Federal Regulations. The regulations, guidance, and acceptable practices incorporate the CEA's SEF definition, trade execution requirement, and core principles applicable to SEFs.

What are some examples of the requirements in the rulemaking?

The final rulemaking adopts many requirements for SEFs. Some examples include:

- A SEF application form, Form SEF, with a comprehensive list of instructions and documents that must accompany applications for registration as a SEF.
- The rules require SEFs to meet a minimum trading functionality requirement.
- The rules require SEFs to provide impartial access to their markets to any eligible contract participant and any independent software vendor.
- To prevent market disruptions, the rules require that SEFs implement trade risk control mechanisms, including pauses and halts to trading, under certain conditions.
- The rules require SEFs to meet specified financial resource requirements.
- The rules require SEFs to establish operational and system safeguard requirements.

When will the regulations, guidance, and acceptable practices take effect?

The regulations, guidance, and acceptable practices will take effect 60 days after publication of the final rules in the Federal Register. The Commission is using its discretion to set a general compliance date of 120 days subsequent to Federal Register publication.