



Commodity Futures Trading Commission

Office of Public Affairs

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Advanced Notice of Proposed Rulemaking on Protection of Cleared Swaps Customers Before And After Commodity Broker Bankruptcies

The Commodity Futures Trading Commission (Commission) is requesting comment on issues concerning the protection of the collateral of the swaps customers of futures commission merchants.

Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)

Section 724 of the Dodd-Frank Act amends the Commodity Exchange Act (CEA) by inserting a new section 4d(f), concerning the protection of the collateral of the swaps customers of futures commission merchants.

Costs and Benefits

The Commission is seeking information concerning the costs and benefits of various models by which the collateral of swaps customers may be protected both at individual entities and across the industry.

Models Being Considered

The Commission is considering a range of models, including

- 1) a model requiring individual segregation of each customer's collateral at all levels (at the FCM, DCO and at each custodian),
- 2) a model of individual customer protection, where collateral of multiple customers may be commingled, but the value of the collateral for each customer's positions is treated on an individual basis,
- 3) a model where the collateral of non-defaulting customers may be used in the event of an FCM default, but only after other elements of the clearinghouse's default resources package, including the clearinghouse's own contribution and the clearing member-funded guarantee fund, and
- 4) the current futures model, which treats an FCM's customers on an omnibus basis.