

Corporate & Financial Weekly Digest

Posted at 12:11 PM on March 25, 2011 by [Guy C. Dempsey, Jr.](#)

Implementation Schedule for Dodd-Frank Swap Rules

With the July 16 general effective date of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act fast approaching, Commissioner Gary Gensler of the Commodity Futures Trading Commission outlined his thinking on the finalization and implementation of swap rules in a speech given to the Futures Industry Association on March 16.

With respect to finalization, Commissioner Gensler affirmed his desire to have all rule proposals (as opposed to final rules) completed by the end of April, with rules being finalized in the three broad groupings: the Early Group, the Middle Group and the Late Group.

These groups were not crisply defined by Commissioner Gensler, but some salient characteristics of each are noted below:

Early Group—To be finalized in the spring. Rules in this group will include, without limitation, entity definitions, registration requirements, the end-user exception from clearing, large position reporting and whistle-blowing.

Middle Group—To be finalized in the summer. Rules in this group will include, without limitation, rules relating to clearinghouses, business conduct standards for swap dealers, data and trading markets, as well as rules for agricultural swaps, governance rules for derivatives clearing organizations, designated contract markets and swap execution facilities, and rules for segregation for uncleared swaps.

Late Group—To be finalized in late summer and early fall. Rules in this group will include, without limitation, those relating to disruptive trading practices, product definitions, capital and margin requirements, supervision and testing requirements and conforming rules.

With respect to implementation, Commissioner Gensler said that he favored a pragmatic approach. "We are looking to phase in implementation, considering the whole mosaic of rules," he said. He stated in particular that the CFTC would use the flexibility given to it by the statute to specify effective dates no earlier than 60 days after the adoption of a final rule to provide for orderly implementation of related rules, explaining, "So, even if we finish finalizing rules in a particular order, that doesn't mean that the rules will be required to become effective in that order. Implementation dates may be conditioned upon other rules being finalized. Furthermore, we are looking at phasing implementation dates based upon a number of considerations, possibly

including asset class, type of market participant and whether the requirement would apply to market platforms, like clearinghouses, or to specific transactions, such as real time reporting. For example, we are considering whether a rule might become effective for one asset class or one group of market participants before it is effective for other assets or other groups of market participants."

The Commissioner's full speech can be found [here](#).

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