



**American Cotton Shippers Association** P (901)525-2272  
88 Union Avenue, Suite 1204 F (901)527-8303  
Memphis, T N 38103 [www.acsa-cotton.org](http://www.acsa-cotton.org)

## **CFTC Open Meeting Summary**

**06/25/2020**

**Provided by:**



On Thursday, the CFTC held an open meeting to consider four items. Below are several key takeaways from the meeting:

- The Commission approved by a vote of 4-1, with Commissioner Behnam dissenting, to issue a proposed rule establishing three DCM-focused electronic trading risk principles. The Commission separately voted 3-2, with Commissioners Behnam and Berkovitz dissenting, to withdraw the proposed rule and supplemental proposal for Reg AT.
  - The three Risk Principles are as follows, a DCM must: (1) adopt and implement rules governing market participants subject to its jurisdiction to prevent, detect, and mitigate market disruptions or system anomalies associated with electronic trading; (2) subject all electronic orders to exchange-based pre-trade risk controls to prevent, detect, and mitigate market disruptions or system anomalies associated with electronic trading; and (3) promptly notify Commission staff of any significant disruptions to its electronic trading platform(s) and provide timely information on the causes and remediation.
  - The proposed rule also provides additional guidance for DCMs to implement Risk Principles 1 and 2 above. The Commission believes DCMs are currently addressing most, if not all, of the electronic trading risks currently presented to their trading platforms; therefore, the DCMs may not need to adopt additional measures or rules.
- The Commission approved unanimously a final rule to prohibit PTNGU for swaps executed, pre-arranged, or pre-negotiated anonymously on or pursuant to the rules of a SEF and intended to be cleared. The final rule provides an exception for package transactions that include a component transaction that is not a swap intended to be

cleared. The final rule includes a phased compliance schedule based on whether the swap is subject to the trade execution requirement.

- The Commission approved unanimously a proposed rule to extend the compliance date for firms subject to Phase Six of implementation of the Commission's initial margin (IM) rules for uncleared swaps. The proposal would extend the date by one year from September 1, 2021, to September 1, 2022.
- The Commission approved unanimously a final rule codifying staff action that would exempt certain affiliated entities within a corporate group from the swap clearing requirement. The amendments address the anti-evasionary condition that swaps subject to the clearing requirement entered into with unaffiliated counterparties either be cleared or eligible for an exception/exemption to or from the clearing requirement.
- The Commission approved by a vote of 3-2, via seriatim, amendments to the Volcker Rule's prohibition on banking entities investing in or sponsoring hedge funds or private equity funds, known as covered funds.