



# Commodity Futures Trading Commission

## Office of Public Affairs

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## Q & A – Derivative Clearing Organization Definitions, Procedures and Core Principles

### What is the goal of the proposed rulemaking?

The notice proposes definitional and procedural changes to Parts 1 and 39, requirements for submitting portfolio margining rules for prior approval, requirements for a Derivatives Clearing Organization's ("DCO") chief compliance officer ("CCO"), and rules to implement DCO Core Principles A (compliance), H (rule enforcement), N (antitrust considerations), and R (legal risk).

### Why is the Commission proposing these rules?

The Commission is proposing to amend certain definitions in § 1.3 and § 39.1 to make the definitions consistent with the terminology currently used in the Commodity Exchange Act ("CEA"), as amended by the Dodd-Frank Act, and to provide clarity and legal certainty.

The proposed rules would amend § 39.3 to streamline the DCO application process by eliminating the 90-day expedited application review period. Over the past nearly 10 years, the Commission has determined that a 90-day period is not practicable. All applications would be reviewed on a 180-day schedule.

The proposed amendments would clarify the procedures to be followed by a DCO when requesting a transfer of its DCO registration due to a corporate change. Currently, there are no rules on this topic, and the proposed rules would provide legal certainty.

In accordance with Section 713 of the Dodd-Frank Act, proposed § 39.4 would require a DCO to obtain Commission approval to provide clearing and settlement services for a futures portfolio margining account that carries securities.

Section 725(b) of the Dodd-Frank Act requires each DCO to designate a CCO and further specifies the duties of the CCO. Proposed § 30.10 would implement this provision.

Finally, the proposed rulemaking would set forth the rules to implement DCO Core Principles A (compliance), H (rule enforcement), N (antitrust considerations) and R (legal risk). The rules would promote effective compliance functions with the CEA and Commission regulations and help create legal certainty regarding the clearing and settlement functions of a DCO.

### What registrants are covered by the proposed rules?

The proposed rules cover all DCOs.

### By when must the comments be submitted?

Comments on the rules must be submitted within 60 days of the publication of the proposal in the Federal Register.