

MEMO# 27342

June 28, 2013

CFTC Staff Defers Compliance Date for Portfolio Reconciliation

[27342]

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TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 58-13
DERIVATIVES MARKETS ADVISORY COMMITTEE No. 53-13
INVESTMENT ADVISER MEMBERS No. 45-13
SEC RULES MEMBERS No. 62-13 RE: CFTC STAFF DEFERS COMPLIANCE DATE FOR
PORTFOLIO RECONCILIATION

On June 27, 2013, the Division of Swap Dealer and Intermediary Oversight (“Division”) of the Commodity Futures Trading Commission (“CFTC”), in response to a request from the International Swaps and Derivatives Association (“ISDA”), issued time-limited no-action relief regarding the compliance date for portfolio reconciliation by swap dealers (“SDs”) and major swap participants (“MSPs”). [\[1\]](#) The Letter is summarized briefly below.

Last September, the CFTC adopted final rules regarding, among other things, swap confirmation, portfolio reconciliation, portfolio compression, and swap trading documentation requirements for SDs and MSPs. [\[2\]](#) Regulation 23.502, which governs portfolio compression, requires SDs and MSPs to establish, maintain, and follow written policies and procedures reasonably designed to ensure they engage in portfolio reconciliation with each of their counterparties who are not SDs or MSPs. On January 2, 2013, the CFTC deferred the compliance date for Regulation 23.502 for all types of counterparties until July 1, 2013. [\[3\]](#) ISDA represented that the industry effort to implement the necessary infrastructure and processes for portfolio reconciliation requires additional time for completion. The Division therefore agreed to not recommend that the CFTC take enforcement action against an SD or MSP for failure to comply with Regulation 23.502 prior to August 23, 2013.

Sarah A. Bessin
Senior Counsel

endnotes

[\[1\]](#) See CFTC Letter No. 13-40 (June 27, 2013) (“Letter”), available at

<http://www.cftc.gov/ucm/groups/public/@lrlettergeneral/documents/letter/13-40.pdf>.

[2] See ICI Memorandum 26491 (Sept. 6, 2012), available at http://www.ici.org/my_ici/memorandum/memo26491.

[3] See Business Conduct and Documentation Requirements for Swap Dealers and Major Swap Participants; Extension of Compliance Date, 78 Fed.Reg. 17 (Jan. 2, 2013).

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