

MEMO# 32497

May 29, 2020

CFTC Approves Interim Final Rule Deferring Phase 5 Implementation of Initial Margin Requirements for Non- Cleared Swaps

[32497]

May 29, 2020 TO: ICI Members

ICI Global Members

Derivatives Markets Advisory Committee

ICI Global Trading & Markets Committee SUBJECTS: Compliance

Derivatives

International/Global

Investment Advisers

Trading and Markets RE: CFTC Approves Interim Final Rule Deferring Phase 5

Implementation of Initial Margin Requirements for Non-Cleared Swaps

On May 28, 2020, the CFTC unanimously approved an interim final rule to defer Phase 5 compliance with its initial margin requirements for non-cleared swaps for an additional year until September 1, 2021.[\[1\]](#) The CFTC issued the rule to provide relevant entities with additional time for compliance due to the operational challenges and risk management demands caused by the COVID-19 pandemic.

The deferral is consistent with the Basel Committee on Banking Supervision and the International Organization of Securities Commissions' (BCBS/IOSCO) recent revisions to the implementation schedule for margin requirements for non-centrally-cleared derivatives (UMR).[\[2\]](#)

The rule, however, does not provide a deferral for Phase 6 compliance, for which BCBS/IOSCO recommended a one-year delay to September 1, 2022. The CFTC stated that it intends to propose such a deferral in a separate rulemaking in the near future.

The interim final rule will be effective when published in the Federal Register and comments are due 60 days after the date of publication.

Nhan Nguyen

endnotes

[1] See <https://www.cftc.gov/media/3916/votingdraft052820b/download>.

[2] See ICI Memorandum No. 32351, BCBS and IOSCO Announce Deferral of Final Implementation Phases of UMR (Apr. 3, 2020), *available at* https://www.ici.org/my_ici/memorandum/memo32351. We previously joined a letter to BCBS and IOSCO requesting that they recommend deferring Phase 5 and 6 compliance. See ICI Memorandum No. 32323 (Mar. 26, 2020), *available at* https://www.ici.org/my_ici/memorandum/memo32323.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.