

MEMO# 35795

July 31, 2024

ICI Joins ISDA, SIFMA, SIFMA AMG, and ACLI in Request to Engage the CFTC on the Methodology for Developing Block Thresholds and Cap Sizes

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TO: Derivatives Markets Advisory Committee RE: ICI Joins ISDA, SIFMA, SIFMA AMG, and ACLI in Request to Engage the CFTC on the Methodology for Developing Block Thresholds and Cap Sizes

On July 29, 2024, the Investment Company Institute (ICI) joined the International Swaps and Derivatives Association (ISDA), the Securities Industry and Financial Markets Association (SIFMA), the Asset Management Group of the Securities Industry Financial Markets Association (SIFMA AMG), and the American Council of Life Insurers (ACLI) (together, "the Associations") in a request to the Commissioners and Director of the Division of Market Oversight (DMO) of the US Commodity Futures Trading Commission (CFTC) to engage with the Associations on the CFTC's methodology for developing block thresholds and cap sizes (the "Request Letter").

Earlier this year, CFTC staff announced updated Part 43 block thresholds and cap sizes and further extended no-action relief regarding compliance with the block and cap amendments adopted in 2020.[\[1\]](#) The Request Letter asserts that while the Associations appreciate that DMO has published revised block thresholds and cap sizes and provided additional time for compliance with the new thresholds, there is a need for continued dialogue about the outstanding issues involving the threshold calculations. For example, the Associations noted concerns that the methodology used by the CFTC to calculate the block thresholds and cap sizes may incorrectly capture certain swap categories.

Accordingly, the Request Letter suggests that DMO work with the Associations and other market participants to review the methodology used to determine block thresholds and cap sizes and develop recommendations for presentation, discussion, and comment in an open public forum.

A copy of the Request Letter is attached for reference.

Kimberly R. Thomasson
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Notes

[1] For a summary of the updated block and cap sizes and the extension of the no-action position, please see ICI Memorandum No. 35720 (May 29, 2024) available at <https://www.ici.org/memo35720>.

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