

CFTC issues time-limited no-action transition compliance date for variation margin and no-action relief

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On February 13 2017 the US Commodity Futures Trading Commission (CFTC) Division of Swap Dealer and Intermediary Oversight (DSIO) issued a time-limited no-action letter ([CFTC Letter 17-1 1](#)) which provides that, from March 1 2017 to September 1 2017, the DSIO will not recommend an enforcement action against a swap dealer for failure to comply with the variation margin requirements for swaps that are subject to a March 1 2017 compliance date.

The no-action letter does not postpone the March 1 2017 compliance date for variation margin, but allows market participants a grace period to comply. The DSIO believes that without a sufficient transition period, there could be a significant impact on the ability to hedge positions for pension funds, asset managers and insurers that manage retirement savings and financial security. This kind of phased compliance has been used many times in the implementation of the swaps rules contained in the Dodd-Frank Act.

The DSIO also issued a no-action letter ([CFTC Letter 17-1 2](#)) stating that it will not recommend an enforcement action against a swap dealer – subject to certain conditions – that does not comply with the minimum transfer amount requirements of CFTC Regulations 23.152(b)(3) or 23.153(c) with respect to one or more swaps with any legal entity that is the owner of more than one separately managed account. The DSIO is providing this relief to allow swap dealers entering into swaps with separately managed accounts to treat each account as a separate counterparty, subject to certain limits, for purposes of applying the minimum transfer amount, despite the fact that such accounts are owned by the same legal entity.⁽¹⁾

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Endnotes

(1) A more detailed discussion of the CFTC's action is available [here](#).

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