

This Week in Derivatives

January 10, 2025

From the Derivatives Practice Group: CFTC Chairman Behnam announced this week that he will be stepping down from his position as Chairman on January 20. CFTC staff also issued an advisory regarding the compliance date for certain daily reporting requirements for registered derivatives clearing organizations.

New Developments

- **CFTC Staff Issues Advisory Regarding the Compliance Date for Certain DCO Reporting Requirements.** On January 10, the CFTC's Division of Clearing and Risk ("DCR") announced it issued a [staff advisory](#) regarding the compliance date for certain daily reporting requirements for registered derivatives clearing organizations ("DCOs"). The requirements were [amended](#) in August 2023. The compliance date for the amended requirements is February 10, 2025. According to the advisory, DCR will not expect any DCO to comply with the amended requirements until December 1, 2025, so long as the DCO continues to comply with the previous version of the requirements. [NEW]
- **CFTC Announces Departure of Enforcement Director Ian McGinley.** On January 10, the CFTC announced that Division of Enforcement Director Ian McGinley will depart the agency on January 17, 2025. Mr. McGinley has served as Director of Enforcement since February 2023. [NEW]
- **Chairman Rostin Behnam Announces Departure from CFTC.** On January 7, Chairman Rostin Behnam [announced](#) that he will be stepping down from his position as Chairman on January 20 and that his final day at the CFTC will be Friday, February 7. [NEW]

- **Customer Advisory: Avoiding Fraud May be Your Best Resolution.** A new CFTC [customer advisory](#) suggests adding “spotting scams” to your list of New Year’s resolutions. The Office of Customer Education and Outreach’s Avoiding Fraud May be Your Best Resolution says that with scammers robbing billions of dollars from Americans through relationship investment scams, resolving to be careful about who you trust online, staying informed, and learning all you can about trading risks are admirable 2025 resolutions.
- **CFTC Approves Final Rule on Margin Adequacy, Treatment of Separate Accounts of a Customer by Futures Commission Merchants.** On December 20, 2024, the CFTC announced a [final rule](#) to implement requirements for futures commission merchants related to margin adequacy and the treatment of separate accounts of a customer. The rule finalizes the Commission’s proposal, published in the Federal Register in March, to codify the no-action position in CFTC staff letter 19-17 regarding separate account treatment.

New Developments Outside the U.S.

- **ESMA Launches Selection of the Consolidated Tape Provider for Bonds.** On January 3, ESMA announced the launch of the first selection procedure for the Consolidated Tape Provider (“CTP”) for bonds. Entities interested to apply are encouraged to register and submit their requests to participate in the selection procedure by February 7, 2025. The CTP aims to enhance market transparency and efficiency by consolidating trade data from various trading venues into a single and continuous electronic stream. This consolidated view of market activity is intended to help market participants to access accurate and timely information and make better-informed decisions, leading to more efficient price discovery and trading.
- **China’s NFRA Issues Rules for Margining of Non-Centrally Cleared Derivatives.** On December 30, China’s National Financial Regulatory Administration (“NFRA”) issued the [margin on non-centrally cleared derivatives measures](#). The rules are currently only available in Chinese. According to Article 33, the regulations will take effect on January 1, 2026. Specifically, the variation margin requirements will commence on September 1, 2026. The implementation of IM requirements will occur in three phases, determined by the average notional amount of non-centrally cleared derivatives during March, April, and May of the preceding year: These notional amounts encompass all non-centrally cleared derivatives, including physically settled foreign exchange forwards and swaps, as well as physically settled gold forwards and swaps. These measures align with global standards for margin requirements for non-centrally cleared derivatives, as outlined by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions. [NEW]
- **ESMA Publishes Feedback Received to Proposed Review of Securitization Disclosure Templates.** On December 20, ESMA published a [Feedback Statement](#) summarizing the responses it received to its [Consultation Paper](#) on the securitization disclosure templates under the Securitization Regulation (“SECR”). Overall,

respondents acknowledge the need for further improvements to the securitization transparency regime but recommend postponing the template review due to concerns about its timeline in relation to a broader SECR review.

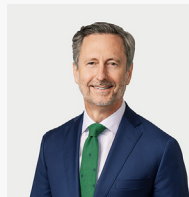
New Industry-Led Developments

- **ISDA Publishes Equity Definitions Clause Library.** On December 20, ISDA announced it has published version 1 of the ISDA Equity Derivatives Clause Library. The ISDA Equity Derivatives Clause Library provides drafting options with respect of certain clauses that parties can choose to include in an equity derivatives transaction that incorporates the 2002 ISDA Equity Derivatives Definitions.

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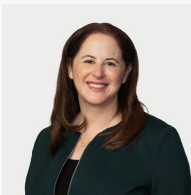
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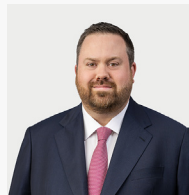
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