



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5000

Division of
Market Oversight

Dorothy DeWitt
Director

**Re: No-Action Positions for Swap Execution Facilities to Extend Submission
Timeframes for Annual Compliance Reports and Fourth Quarter Financial Reports
in Response to the COVID-19 Pandemic**

Ladies and Gentlemen:

This letter is in response to requests received by the Division of Market Oversight (“**DMO**”) of the Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) from multiple swap execution facilities (“**SEFs**”).¹

The World Health Organization declared the coronavirus disease 2019 (“**COVID-19**”) outbreak a global pandemic on March 11, 2020. DMO understands from SEFs that the COVID-19 pandemic may present challenges in timely meeting certain of their obligations under the Commodity Exchange Act (“**CEA**”) and Commission regulations. These SEFs may have significant operations in affected areas or areas that may become affected by the COVID-19 pandemic. Disruptions in transportation and limited access to facilities and support staff as a result of the COVID-19 pandemic could hamper efforts of SEFs to meet their regulatory obligations. In light of these developments, DMO is issuing this letter to assist SEFs with responding to the COVID-19 pandemic by providing temporary relief from certain obligations under the CEA and Commission regulations.

In connection with an industry-wide response to the COVID-19 pandemic, SEFs have had to refocus their “resources for business continuity purposes and the continued maintenance of an orderly market.”² As a result, SEFs have reprioritized and reallocated personnel that otherwise would have been involved in the preparation and submission of reports such as the annual compliance report.³ Therefore, SEFs have requested no-action relief from the timing

¹ This letter responds to requests received from Bloomberg SEF LLC and LatAm SEF, LLC.

² Bloomberg SEF LLC’s Letter at 1.

³ LatAm SEF, LLC’s Letter at 1.

requirements for a SEF Chief Compliance Officer (“CCO”) to submit annual compliance reports (“ACRs”) as well as the timing requirements for submitting fourth quarter financial reports in order to allow them to respond to the COVID-19 pandemic.⁴

I. DMO No-Action Positions

In order to support an orderly response to the COVID-19 pandemic, DMO believes that the no-action relief set forth herein is warranted. DMO further expects that as COVID-19-related risks decrease, SEFs will return to compliance with all regulatory obligations from which relief has been provided.

DMO will not recommend that the Commission take an enforcement action against any SEF or SEF CCO for failure to submit an ACR within the 60-day period prescribed in Commission regulation 37.1501(f)(2);⁵ provided, that:

- (A) The ACR was required to be submitted to the Commission prior to September 1, 2020, pursuant to Commission regulation 37.1501(f)(2); and
- (B) The ACR is submitted to the Commission not later than 120 days after the end of the SEF’s fiscal year.

DMO will not recommend that the Commission take an enforcement action against any SEF or SEF CCO for failure to submit the fourth quarter financial report pursuant to Commission regulation 37.1306(d), within the 60-day period prescribed in Commission regulation 37.1306(d);⁶ provided, that:

- (A) The fourth quarter financial report was required to be submitted to the Commission prior to September 1, 2020, pursuant to Commission regulation 37.1306(d); and
- (B) The fourth quarter financial report is submitted to the Commission no later than 120 days after the end of the SEF’s fiscal year.

⁴ Currently, SEF CCOs are receiving relief which allows for the CCO ACR to be submitted not later than 90 days after the end of the SEF’s fiscal year. *See* CFTC Letter No. 17-61, No-Action Relief for Swap Execution Facilities from Compliance with the Timing Requirements of Commission Regulation 37.1501(f)(2) Relating to Chief Compliance Officer Annual Compliance Reports and Commission Regulation 37.1306(d) Relating to Fourth Quarter Financial Reports, Nov. 20, 2017 (“CFTC NAL No. 17-61”). The SEFs are requesting relief beyond what is provided in CFTC NAL No. 17-61.

⁵ For avoidance of doubt, please note that the relief in this letter does not alter, amend, suspend, or otherwise affect the relief granted to SEFs and SEF CCOs related to the submission of ACRs under CFTC NAL No. 17-61.

⁶ For avoidance of doubt, please note that the relief in this letter does not alter, amend, suspend, or otherwise affect the relief granted to SEFs and SEF CCOs related to the submission of fourth quarter financial reports under CFTC NAL No. 17-61.

II. Conclusion

DMO recognizes that SEFs may require additional or different relief in their efforts to comply with the requirements of the CEA and Commission regulations. As a result, any SEFs that require other relief are encouraged to contact DMO staff. DMO staff will address issues on a case-by-case basis in light of the requesting SEF's particular fact and circumstances.

This letter, and the positions taken herein, represent the views of DMO only, and do not necessarily represent the position or view of the Commission or of any other office or division of the Commission. The relief issued by this letter does not excuse persons relying on it from compliance with any other applicable requirements contained in the CEA or in Commission regulations. Further, this letter, and the positions taken herein, are based upon the facts and circumstances presented to DMO. Any different, changed, or omitted material facts or circumstances might render the relief provided by this letter void.

Finally, as with all staff letters, the DMO retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of relief provided herein, in its discretion.

If you have any questions concerning this correspondence, please contact Nancy Markowitz, Deputy Director, DMO, at (202) 418-5453 or nmarkowitz@cftc.gov; Roger Smith, Special Counsel, DMO, at (202) 418-5344 or rsmith@cftc.gov; or Israel Goodman, Special Counsel, DMO, at (202) 418-6715 or igoodman@cftc.gov.

Sincerely,

Dorothy D. DeWitt
Director
Division of Market Oversight