PRESS RELEASE

Federal Deposit Insurance Corporation ● Each Depositor insured to at least $250,000

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FDIC Board Approves Joint Final Rule On Swap Margin Requirements

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a final rule to establish margin requirements for swaps that are not cleared through a clearinghouse.

This action is a joint final rule with the Office of the Comptroller of the Currency, the Federal Reserve Board, the Farm Credit Administration, and the Federal Housing Finance Agency and will apply to entities supervised by these agencies that register with the Commodity Futures Trading Commission (CFTC) or Securities and Exchange Commission (SEC) as a dealer or major participant in swaps. The joint final rule was developed in consultation with the CFTC and the SEC, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The Dodd-Frank Act required the agencies to impose margin requirements to help ensure the safety and soundness of swap dealers in light of the risk to the financial system associated with non-cleared swaps activity. The final rule takes into account the risk posed by a swap dealer's counterparties in establishing the minimum amount of initial and variation margin that the covered swap entity must exchange with such counterparties.

"Establishing margin requirements for non-cleared swaps is one of the most important reforms of the Dodd-Frank Act," said FDIC Chairman Martin J. Gruenberg. "These margining practices will promote financial stability by reducing systemic leverage in the swaps marketplace, and promote the safety and soundness of banks by discouraging the excessive growth of risky non-cleared swap positions."

The rule does not apply to swaps of financial institutions with $10 billion or less in total assets that enter into swaps for hedging purposes. This exception tracks similar exceptions that are available to these small institutions from the requirement to clear standardized swaps through a clearinghouse. In addition, the rule does not apply to swaps entered into by commercial end users for purposes of hedging commercial risk.

The rule will be phased in beginning September 2016.

Attachments:

- Final Rule to Establish Margin and Capital Requirements for Covered Swap Entities - PDF (PDF Help)

- Interim Final Rule to Exempt Commercial End Users and Small Banks - PDF (PDF Help)

- Statement by FDIC Chairman Martin J. Gruenberg

- Statement by FDIC Vice Chairman Thomas M. Hoenig