DEPARTMENT OF THE TREASURY
Office of the Comptroller of the Currency
12 CFR Part 45
Docket No. OCC-2019-0023
RIN: 1557-AE69

FEDERAL RESERVE SYSTEM
12 CFR Part 237
Docket No. R-1682
RIN: 7100-AF62

FEDERAL DEPOSIT INSURANCE CORPORATION
12 CFR Part 349
RIN: 3064-AF08

FARM CREDIT ADMINISTRATION
12 CFR Part 624
RIN: 3052-AD38

FEDERAL HOUSING FINANCE AGENCY
12 CFR Part 1221
RIN: 2590-AB03

Margin and Capital Requirements for Covered Swap Entities

AGENCY: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); Farm Credit Administration (FCA); and the Federal Housing Finance Agency (FHFA).

ACTION: Proposed rule and request for comment; Reopening of comment period.
**SUMMARY:** The OCC, Board, FDIC, FCA, and FHFA (collectively, the agencies) are reopening the comment period for the notice of proposed rulemaking published in the Federal Register on November 7, 2019 to amend the agencies’ regulations that require swap dealers and security-based swap dealers under the agencies’ respective jurisdictions to exchange margin with their counterparties for swaps that are not centrally cleared (Proposed Swap Margin Amendments). Reopening the comment period that closed on December 9, 2019, will allow interested persons additional time to analyze and comment on the Proposed Swap Margin Amendments.

**DATES:** The comment period for the notice of proposed rulemaking published on November 7, 2019 at 84 FR 59970, regarding the Margin and Capital Requirements for Covered Swap Entities, is reopened from December 9, 2019, to January 23, 2020.

**ADDRESSES:** You may submit comments by any of the methods identified in the notice of proposed rulemaking, except that the FCA is no longer accepting comments through the Federal eRulemaking Portal at www.regulations.gov. Commenters may submit comments to the FCA through any of the other methods that FCA identified in the notice of proposed rulemaking.

**FOR FURTHER INFORMATION CONTACT:**

**OCC:** Chris McBride, Director for Market Risk, Treasury and Market Risk Policy, (202) 649-6402, or Allison Hester-Haddad, Counsel, Chief Counsel’s Office, (202) 649-5490, for persons who are deaf or hearing impaired, TTY (202) 649-5597, Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 20219.

**Board:** Constance Horsley, Deputy Associate Director, (202) 452-5239, Lesley Chao, Lead Financial Institution Policy Analyst, (202) 974-7063, or John Feid, Principal

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Economist, (202) 452-2385, Division of Supervision and Regulation; Patricia Yeh, Senior Counsel, (202) 452-3089, Jason Shafer, Senior Counsel, (202) 728-5811, or Justyna Bolter, Senior Attorney, (202) 452-2686, Legal Division; for users of Telecommunication Devices for the Deaf (TDD) only, contact 202-263-4869; Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, D.C. 20551.

FDIC: Irina Leonova, Senior Policy Analyst, ileonova@fdic.gov, Capital Markets Branch, Division of Risk Management Supervision, (202) 898-3843; Thomas F. Hearn, Counsel, thohearn@fdic.gov, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, DC 20429.

FCA: Jeremy R. Edelstein, Associate Director, Finance & Capital Market Team, Timothy T. Nerdahl, Senior Policy Analyst, Clayton D. Milburn, Senior Financial Analyst, Office of Regulatory Policy, (703) 883-4414, TTY (703) 883-4056, or Richard A. Katz, Senior Counsel, Office of General Counsel, (703) 883-4020, TTY (703) 883-4056, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

SUPPLEMENTARY INFORMATION:

I. Background

On November 7, 2019, the agencies published in the Federal Register a notice of proposed rulemaking (the NPR) that would amend the agencies’ regulations that require swap dealers and security-based swap dealers under the agencies’ respective jurisdictions to exchange margin with their counterparties for swaps that are not centrally cleared (Swap Margin Rule). Specifically, the NPR proposed to make the following changes to the Swap Margin Rule:

First, the proposal would provide relief by allowing legacy swaps – swaps that were entered into before the applicable compliance date of the Swap Margin Rule– to be amended to replace existing interest rate provisions based on certain interbank offered rates (IBORs) and other interest rates that are reasonably expected to be discontinued or are reasonably determined to have lost their relevance as a reliable benchmark due to a significant impairment, without such swaps losing their legacy status.

Second, the proposal would amend the Swap Margin Rule’s requirements for inter-affiliate swaps. The proposal would repeal the requirement for a covered swap entity to collect initial margin from its affiliates, but would retain the requirement that variation margin be exchanged for affiliate transactions.

Third, the proposal would add an additional initial margin compliance period for certain smaller counterparties, and clarify the existing trading documentation requirements in § __.10 of the Rule.

1 84 FR 59970 (Nov. 7, 2019).
Fourth, the proposal would amend the Swap Margin Rule to permit amendments caused by conducting certain routine life-cycle activities that covered swap entities may conduct for legacy swaps, such as reduction of notional amounts and portfolio compression exercises, without triggering margin requirements.

II. Reopening of Comment Period and Request for Comment

The original comment period for the NPR closed on December 9, 2019.² The agencies received public comments requesting an extension of the comment period, noting that the commenters did not have sufficient time to analyze fully the agencies’ notice of proposed rulemaking during the original 30-day comment period. To give these, and similarly situated, commenters additional time, the agencies are re-opening the comment period through January 23, 2020, until which time interested parties may submit public comments on the rule amendments proposed and the questions presented in the NPR.

² See 84 FR 59970 (November 7, 2019).
Dated: December 20, 2019

/signed/

Jonathan V. Gould  
Senior Deputy Comptroller and Chief Counsel,  
Office of the Comptroller of the Currency.
By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, December 20, 2019.

Margaret McCloskey Shanks (signed)
Margaret McCloskey Shanks,
Deputy Secretary of the Board.
Federal Deposit Insurance Corporation.
Dated at Washington, DC, on [DATE].

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Annmarie H. Boyd,
Assistant Secretary.
By order of the Board of the Farm Credit Administration.
Dated at McLean, VA, this [DATE].

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Dale L. Aultman,
Secretary.
Dated: December 12, 2019

/s/

Mark A. Calabria,
Director, Federal Housing Finance Agency.