

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 45

Docket No. OCC-2020-0027

RIN: 1557-AE98

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

12 CFR Part 237

Docket No. [●]

RIN: [●]

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 349

RIN: 3064-AF55

FARM CREDIT ADMINISTRATION

12 CFR Part 624

RIN: 3052-AD34

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: Interim final rule and request for comment.

SUMMARY: The OCC, Board, FDIC, FCA, and FHFA (each an Agency and, collectively, the Agencies) are adopting and inviting comment on an interim final rule amending the Agencies’ regulations that require swap dealers, security-based swap dealers, major swap participants, and major security-based swap participants under the Agencies’ respective jurisdictions to exchange margin with their counterparties for swaps that are not centrally cleared (non-cleared swaps) (Swap Margin Rule). Under the Swap Margin Rule, as amended, initial margin requirements will take effect under a phased compliance schedule spanning from 2016 through 2020, and in a final rule published elsewhere in today’s issue of the **Federal Register**, the Agencies have extended the phase-in period to 2021. Due to the COVID-19 pandemic, the Agencies are extending by one year the phases 5 and 6 implementation deadlines for initial margin requirements from September 1, 2020, to September 1, 2021 (for phase 5) and from September 1, 2021, to September 1, 2022 (for phase 6). The Agencies’ objective is to give covered swap entities additional time to meet their initial margin requirements under the rule so as not to hamper any efforts underway to address exigent circumstances caused by COVID-19.

DATES: The interim final rule is effective [**INSERT DATE 61 DAYS FROM PUBLICATION IN FEDERAL REGISTER**]. Comments should be received on or before [**INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER**].

ADDRESSES: Interested parties are encouraged to submit written comments jointly to all of the Agencies. Commenters are encouraged to use the title “**Margin and Capital**

Requirements for Covered Swap Entities” to facilitate the organization and distribution of comments among the Agencies.

OCC: You may submit comments to the OCC by any of the methods set forth below.

Commenters are encouraged to submit comments through the Federal eRulemaking Portal or e-mail, if possible. Please use the title “Margin and Capital Requirements for Covered Swap Entities” to facilitate the organization and distribution of the comments.

You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—“Regulations.gov”:* Go to

www.regulations.gov. Enter “Docket ID OCC-2020-0027” in the Search Box and click “Search.” Click on “Comment Now” to submit public comments. Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov, including instructions for submitting public comments.

- *E-mail:* *regs.comments@occ.treas.gov*.

- *Mail:* Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., suite 3E-218, Washington, DC 20219.

- *Hand Delivery/Courier:* 400 7th Street, SW., suite 3E-218, Washington, DC 20219.
- *Fax:* (571) 465-4326.

Instructions: You must include “OCC” as the agency name and “Docket ID OCC-2020-0027” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the Regulations.gov website without change, including any business or personal information that you provide such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and

subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this rulemaking action by any of the following methods:

- *Viewing Comments Electronically:* Go to www.regulations.gov. Enter “Docket ID OCC-2020-0027” in the Search box and click “Search.” Click on “Open Docket Folder” on the right side of the screen. Comments and supporting materials can be viewed and filtered by clicking on “View all documents and comments in this docket” and then using the filtering tools on the left side of the screen. Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov. The docket may be viewed after the close of the comment period in the same manner as during the comment period.

Board: You may submit comments, identified by [Docket No** and RIN No. **], by any of the following methods:

- *Agency Web Site:* <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- *E-mail:* regs.comments@federalreserve.gov. Include the docket number and RIN number in the subject line of the message.
- *Fax:* (202) 452-3819 or (202) 452-3102.
- *Mail:* Address to Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board’s website at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless

modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue, NW, Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays.

FDIC: You may submit comments, identified by RIN **, by any of the following methods:

- *Agency Website:* <https://www.FDIC.gov/regulations/laws/federal>.
- *Mail:* Robert E. Feldman, Executive Secretary, Attention: Comments/Legal ESS, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, DC 20429.
- *Hand Delivered/Courier:* The guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.
- *E-mail:* Comments@FDIC.gov. Comments submitted must include "FDIC" and "RIN 3064-AF55 – Margin and Capital Requirements for Covered Swap Entities."

Comments received will be posted without change to

<https://www.fdic.gov/regulations/laws/federal>, including any personal information provided.

FCA: We offer a variety of methods for you to submit your comments. For accuracy and efficiency reasons, commenters are encouraged to submit comments by e-mail or through the FCA's Web site. As facsimiles (fax) are difficult for us to process and achieve compliance with section 508 of the Rehabilitation Act, we are no longer accepting comments submitted by fax. Regardless of the method you use, please do not submit your comments multiple times via different methods. You may submit comments by any of the following methods:

- *E-mail:* Send us an e-mail at reg-comm@fca.gov.
- *FCA Web site:* <http://www.fca.gov>. Click inside the “I want to...” field near the top of the page; select “comment on a pending regulation” from the dropdown menu; and click “Go.” This takes you to an electronic public comment form.
 - *Mail:* David P. Grahn, Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

You may review copies of all comments we receive at our office in McLean, Virginia or on our Web site at <http://www.fca.gov>. Once you are on the Web site, click inside the “I want to...” field near the top of the page; select “find comments on a pending regulation” from the dropdown menu; and click “Go.” This will take you to the Comment Letters page where you can select the regulation for which you would like to read the public comments. We will show your comments as submitted, including any supporting data provided, but for technical reasons we may omit items such as logos and special characters. Identifying information that you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove e-mail addresses to help reduce Internet spam.

FHFA: You may submit your written comments on the interim final rulemaking, identified by regulatory information number: RIN 2590-AB03, by any of the following methods:

- *Agency Website:* www.fhfa.gov/open-for-comment-or-input.
- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments. If you submit your comment to the Federal eRulemaking Portal, please also send it by e-mail to FHFA at RegComments@fhfa.gov

to ensure timely receipt by the Agency. Please include “RIN 2590-AB03” in the subject line of the message.

- *Hand Delivery/Courier:* The hand delivery address is: Alfred M. Pollard, General Counsel, Attention: Comments/ RIN 2590-AB03, Federal Housing Finance Agency, Constitution Center (OGC Eighth Floor), 400 7th St., SW, Washington, DC 20219. Deliver the package to the Seventh Street entrance Guard Desk, First Floor, on business days between 9:00 a.m. and 5:00 p.m.

- *U.S. Mail, United Parcel Service, Federal Express, or Other Mail Service:* The mailing address for comments is: Alfred M. Pollard, General Counsel, Attention: Comments/ RIN 2590-AB03, Federal Housing Finance Agency, Constitution Center (OGC Eighth Floor), 400 7th St., SW, Washington, DC 20219.

All comments received by the deadline will be posted for public inspection without change, including any personal information you provide, such as your name, address, email address and telephone number on the FHFA website at <http://www.fhfa.gov>.

Copies of all comments timely received will be available for public inspection and copying at the address above on government-business days between the hours of 10 a.m. and 3 p.m. To make an appointment to inspect comments please call the Office of General Counsel at (202) 649-3804.

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 Economist, (202) 452-2385, Division of Supervision and Regulation; Patricia Yeh, Senior Counsel, (202) 452-3089 or Jason Shafer, Senior Counsel (202) 728-5811, 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, Timothy T. Nerdahl, Senior Policy Analyst, Clayton D. Milburn, Senior Financial Analyst, Finance and Capital Markets Team, 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.

FHFA: Christopher Vincent, Senior Financial Analyst, Office of Financial Analysis, Modeling & Simulations, (202) 649-3685, Christopher.Vincent@fhfa.gov, or James P. Jordan, Associate General Counsel, Office of General Counsel, (202) 649-3075, James.Jordan@fhfa.gov, Federal Housing Finance Agency, Constitution Center, 400 7th St., SW, Washington, DC 20219. The telephone number for the Telecommunications Device for the Deaf is (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

In November 2015, the Agencies jointly adopted a final rule establishing initial margin and variation margin requirements for dealers and major participants in non-cleared swaps and non-cleared security-based swaps, such entities defined in the joint final rule as “covered swap entities. The implementation of both initial and variation margin requirements started on September 1, 2016. With respect to initial margin requirements, the requirements in the Swap Margin Rule were implemented in six phases from September 1, 2016, through September 1, 2020, depending on the size of the covered swap entity’s portfolio of non-cleared swaps and the counterparty’s portfolio of non-cleared swaps. Variation margin requirements for all covered swap entities and counterparties were completely phased in by March 1, 2017. This schedule was consistent with BCBS/IOSCO framework when the Swap Margin Rule was adopted in 2015.

By joint final rule, the Agencies, among other things, amended the compliance schedule to add a sixth phase of compliance for certain smaller entities that were previously subject to the “phase five” compliance deadline.

II. Description of the Interim Final Rule and Request for Comment

The containment measures adopted in response to recent COVID-19 public health concerns have slowed economic activity in many countries, including the United States. Financial conditions have tightened markedly, with extreme volatility in financial markets. Businesses in all fields of operation, including the financial sector, have experienced a reduction in the capacity of their operations, as local governments have issued stay-at-home orders, requiring businesses to shift to remote operations, with

employees having to conduct many critical functions from their homes. Under these circumstances and taking account of the high market volatility resulting from the pandemic, market participants have diverted resources to ongoing business continuity.

The Basel Committee on Banking Supervision and International Organization of Securities Commissions (BCBS/IOSCO) extended the implementation schedule for the initial margin requirements for non-cleared derivatives for an additional year.¹

BCBS/IOSCO stated that the extension would provide additional operational capacity for firms to respond to the immediate impact of COVID-19, allowing firms to diligently comply with upcoming initial margin deadlines by the revised deadlines.

The agencies are issuing this interim final rule to provide covered swap entities additional time to comply with the Swap Margin Rule's phases 5 and 6 initial margin implementation deadlines. The interim final rule delays the effective date for phase 5 from September 1, 2020 to September 1, 2021 and, for phase 6, from September 1, 2021 to September 1, 2022. In issuing this interim final rule, the Agencies' objective is to give covered swap entities additional time to meet the requirements under the rule so as not to divert resources from ongoing efforts to address exigent circumstances caused by COVID-19. In addition, the Agencies believe that an extension of one year for both phase 5 and phase 6 is necessary to give covered swap entities sufficient time to address

¹ BSBS/IOSCO extended the deadline for completing the final two implementation phases of the margin requirements for non-centrally cleared derivatives, by one year. The final implementation phase will take place on September 1, 2022, at which point covered entities with an aggregate average notional amount (AANA) of non-centrally cleared derivatives greater than €8 billion will be subject to the requirements. As an intermediate step, from September 1, 2021 covered entities with an AANA of non-centrally cleared derivatives greater than €50 billion will be subject to the requirements. See, <https://www.bis.org/press/p200403a.htm>.

both deadlines. As explained in Agencies' most recent notice of proposed rulemaking addressing the Swap Margin Rule, the industry faced operational and other difficulties in preparing for the exchange of initial margin with a large number of relatively small counterparties by September 1, 2020;² therefore, the Agencies amended the compliance schedule to add a sixth phase for certain smaller entities. Consistent with the policy goals explained in the recent proposed rule, a one year extension for both phases will allow covered swap entities to prioritize certain larger counterparties and avoid operational challenges they would encounter if it was necessary to prepare for the exchange of initial margin with a large number of relatively small counterparties on the same compliance date in 2021.

While this interim final rule provides covered swap entities additional time to comply with the Swap Margin Rule's phases 5 and 6 initial margin implementation deadlines by delaying the effective date for phase 5 from September 1, 2020 to September 1, 2021 and, for Phase 6, from September 1, 2021 to September 1, 2022, covered swap entities and their counterparties may voluntarily start the compliance with the Swap Margin Rule prior to the new mandatory compliance dates in accordance with the original schedule or other mutually agreed date.

² 84 FR 59976 (November 7, 2019).

The Agencies request comment on all aspects of the interim final rule.

III. Administrative Law Matters.

A. Administrative Procedure Act.

The Agencies are issuing the interim final rule without prior notice and the opportunity for public comment. Pursuant to section 553(b)(B) of the Administrative Procedure Act (APA), general notice and the opportunity for public comment are not required with respect to a rulemaking when an “agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.”³

As discussed above, the interim final rule provides covered swap entities additional time to meet their obligations under the swap margin rule in light of the exigent circumstances caused by COVID-19. The Agencies believe that the public interest is best served by making the interim final rule effective as soon as possible given the scale, scope, and pace of the pandemic’s disruptive nature. The Agencies believe that issuing the interim final rule will facilitate the industry’s efforts to respond to COVID-19’s impact. In addition, the Agencies believe that providing a notice and comment period prior to issuance of the interim final rule is impracticable given the need for relief immediately. For these reasons, the Agencies find there is good cause consistent with the public interest to issue the interim final rule without advance notice and comment.

As noted above, the Interim Final Rule is amending provisions that are being adopted by the Final Rule that also published in today’s edition of the Federal Register.

³ 5 U.S.C. 553(b)(B).

The Final Rule will take effect 60 days after publication in the Federal Register, consistent with the provisions of the Congressional Review Act. So that this Interim Final Rule takes effect in its proper sequence for purposes of allowing the Federal Register to accurately update the applicable sections of the Code of Federal Regulations being affected by the Final Rule and this Interim Final Rule, the Interim Final Rule an effective date of one day later than the effective date of the Final Rule, i.e., 61 days after publication in the **Federal Register**.

The agencies have found good cause that, despite such a delayed effective date, general notice and an opportunity for public comment are impracticable, unnecessary, or contrary to the public interest. Compliance with the new regulatory regime for phase 5 on September 1, 2020 and phase 6 on September 1, 2021 involves significant planning by industry participants for months, and in some cases years, prior to the requirements taking effect. The agencies believe that, in this instance, publication of the Interim Final Rule in the Federal Register will provide industry participants critical information that will allow them to revise their implementation schedules immediately in light of the issuance of an interim final rule from the agencies that the phase 5 and phase 6 compliance dates will be delayed for an additional year. But for the need to properly sequence the Final Rule's and Interim Final Rule's effective dates and the 60-day delay in the Final Rule's effective date in order to comply with the Congressional Review Act, the agencies would have set the effective date for this Interim Final Rule upon

publication in the Federal Register. Nevertheless, the agencies have requested comment on the Interim Final Rule and will carefully consider any comments that are received.

In the event that **Federal Register** publication takes place after July 2, 2020, the effective date of the Interim Final Rule will be after September 1, 2020. In this instance, the agencies do not expect that covered swap entities would comply with the phase 5 compliance date, as amended by the Final Rule, for the few days before the Interim Final Rule's effective date occurs.

B. *Solicitation of Comments on Use of Plain Language.*

Section 722 of the Gramm-Leach-Bliley Act requires the Federal banking Agencies to use plain language in all proposed and final rules published after January 1, 2000. The Agencies have sought to present the interim final rule in a simple and straightforward manner. The Agencies invite comments on whether there are additional steps they could take to make the rule easier to understand. For example:

- Have we organized the material to suit your needs? If not, how could this material be better organized?
- Are the requirements in the regulation clearly stated? If not, how could the regulation be more clearly stated?
- Does the regulation contain language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the regulation easier to understand? If so, what changes to the format would make the regulation easier to understand?
- What else could we do to make the regulation easier to understand?

C. *Paperwork Reduction Act.*

In accordance with the requirements of the Paperwork Reduction Act of 1995⁴ (PRA), the Agencies may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The Agencies have reviewed this interim final rule and determined that it would not introduce any new or revise any collection of information pursuant to the PRA. Therefore, no submissions will be made to OMB for review.

D. *Regulatory Flexibility Act.*

The Regulatory Flexibility Act (RFA)⁵ requires an agency to consider whether the rules it proposes will have a significant economic impact on a substantial number of small entities.⁶ The RFA applies only to rules for which an agency publishes a general notice of proposed rulemaking pursuant to 5 U.S.C. 553(b). As discussed previously, consistent with section 553(b)(B) of the APA, the Agencies have determined for good cause that general notice and opportunity for public comment is unnecessary, and therefore the Agencies are not issuing a notice of proposed rulemaking. Accordingly, the Agencies have concluded that the RFA's requirements relating to initial and final regulatory flexibility analysis do not apply.

⁴ 44 U.S.C. 3501-3521.

⁵ 5 U.S.C. 601 *et seq.*

⁶ Under regulations issued by the Small Business Administration, a small entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of \$600 million or less and trust companies with total assets of \$41.5 million or less. See 13 CFR 121.201.

Nevertheless, the agencies seek comment on whether, and the extent to which, the interim final rule would affect a significant number of small entities.

E. *Unfunded Mandates Reform Act of 1995.*

Section 202 of the Unfunded Mandates Reform Act of 1995 (Unfunded Mandates Act), 2 U.S.C. 1532, requires the OCC to prepare a budgetary impact statement before promulgating any final rule for which a general notice of proposed rulemaking was published. As discussed above, the OCC has determined for good cause that the publication of a general notice of proposed rulemaking is impracticable and contrary to the public interest. Accordingly, this interim final rule is not subject to section 202 of the Unfunded Mandates Act.

F. *Riegle Community Development and Regulatory Improvement Act of 1994.*

The Riegle Community Development and Regulatory Improvement Act of 1994 (RCDRIA) requires that each Federal banking agency, in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions (IDIs), consider, consistent with principles of safety and soundness and the public interest, any administrative burdens that such regulations would place on depository institutions, including small depository institutions, and customers of depository institutions, as well as the benefits of such regulations. In addition, new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on IDIs generally must take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form.⁷ Each Federal

⁷ 12 U.S.C. 4802.

banking agency has determined that the interim final rule would not impose additional reporting, disclosure, or other requirements; therefore the requirements of the RCDRIA do not apply.

G. Congressional Review Act.

For purposes of Congressional Review Act (CRA), OMB makes a determination as to whether a final rule constitutes a “major” rule.⁸ If a rule is deemed a “major rule” by the OMB, the CRA generally provides that the rule may not take effect until at least 60 days following its publication.⁹

The CRA defines a “major rule” as any rule that the Administrator of the Office of Information and Regulatory Affairs of the OMB finds has resulted in or is likely to result in (1) an annual effect on the economy of \$100,000,000 or more; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies or geographic regions, or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.¹⁰

As required by the CRA, the Agencies will submit the interim final rule and other appropriate reports to Congress and the Government Accountability Office for review.

⁸ 5 U.S.C. 801 *et seq.*

⁹ 5 U.S.C. 801(a)(3).

¹⁰ 5 U.S.C. 804(2).

List of Subjects

12 CFR Part 45

Administrative practice and procedure, Capital, Margin requirements, National Banks, Federal Savings Associations, Reporting and recordkeeping requirements, Risk.

12 CFR Part 237

Administrative practice and procedure, Banks, banking, Foreign banking, Holding companies, Reporting and recordkeeping requirements, Swaps.

12 CFR Part 349

Administrative practice and procedure, Banks, banking, Holding companies, Capital, Margin Requirements, Reporting and recordkeeping requirements, Savings associations, Risk, Swaps.

12 CFR Part 624

Accounting, Agriculture, Banks, Banking, Capital, Cooperatives, Credit, Margin requirements, Reporting and recordkeeping requirements, Risk, Rural areas, Swaps.

12 CFR Part 1221

Government-sponsored enterprises, Mortgages, Securities.

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Chapter I

Authority and Issuance

For the reasons set forth in the common preamble and under the authority of 12 U.S.C. 93a and 5412(b)(2)(B), the Office of the Comptroller of the Currency amends chapter I of Title 12, Code of Federal Regulations, as follows:

PART 45—MARGIN AND CAPITAL REQUIREMENTS FOR COVERED SWAP ENTITIES

1. The authority citation for part 45 continues to read as follows:

Authority: 7 U.S.C. 6s(e), 12 U.S.C. 1 et seq., 12 U.S.C. 93a, 161, 481, 1818, 3907, 3909, 5412(b)(2)(B), and 15 U.S.C. 78o-10(e).

2. Section 45.1 is amended by:

a. Revising paragraphs (e)(6), and (e)(7).

The revisions and additions read as follows:

§45.1 Authority, purpose, scope, exemptions and compliance dates.

* * * * *

(e) *Compliance dates.* * * *

* * * * *

(6) September 1, 2021 with respect to requirements in § 45.3 for initial margin for any non-cleared swaps and non-cleared security-based swaps, where both:

(i) The covered swap entity combined with all its affiliates; and

(ii) Its counterparty combined with all its affiliates, have an average daily aggregate notional amount of non-cleared swaps, foreign exchange forwards and foreign exchange swaps for March, April and May 2021 that exceeds \$50 billion, where such amounts are calculated only for business days; and

(iii) In calculating the amounts in paragraphs (e)(6)(i) and (ii) of this section, an entity shall count the average daily aggregate notional amount of a non-cleared swap, a non-cleared security-based swap, a foreign exchange forward or a foreign exchange swap

between the entity and an affiliate only one time, and shall not count a swap or security-based swap that is exempt pursuant to paragraph (d) of this section.

(7) September 1, 2022 with respect to requirements in § 45.3 for initial margin for any other covered swap entity with respect to non-cleared swaps and non-cleared security-based swaps entered into with any other counterparty.

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

12 CFR Chapter II

Authority and Issuance

For the reasons set forth in the preamble, the Board of Governors of the Federal Reserve System amends 12 CFR part 237 to read as follows:

PART 237—SWAPS MARGIN AND SWAPS PUSH-OUT (Regulation KK)

3. The authority citation for part 237 continues to read as follows:

Authority: 7 U.S.C. 6s(e), 15 U.S.C. 78o–10(e), 15 U.S.C. 8305, 12 U.S.C. 221 *et seq.*, 12 U.S.C. 343–350, 12 U.S.C. 1818, 12 U.S.C. 1841 *et seq.*, 12 U.S.C. 3101 *et seq.*, and 12 U.S.C. 1461 *et seq.*

4. Add “(Regulation KK)” to the heading of Part 237 as shown above.

Subpart A— Margin and Capital Requirements for Covered Swap Entities (Regulation KK)

5. Section 237.1 is amended by adding paragraph (e) to read as follows:

§237.1 Authority, purpose, scope, exemptions and compliance dates.

* * * * *

(e) *Compliance dates.* * * *

* * * * *

(6) September 1, 2021 with respect to requirements in § 237.3 for initial margin for any non-cleared swaps and non-cleared security-based swaps, where both:

(i) The covered swap entity combined with all its affiliates; and

(ii) Its counterparty combined with all its affiliates, have an average daily aggregate notional amount of non-cleared swaps, foreign exchange forwards and foreign exchange swaps for March, April and May 2021 that exceeds \$50 billion, where such amounts are calculated only for business days; and

(iii) In calculating the amounts in paragraphs (e)(6)(i) and (ii) of this section, an entity shall count the average daily aggregate notional amount of a non-cleared swap, a non-cleared security-based swap, a foreign exchange forward or a foreign exchange swap between the entity and an affiliate only one time, and shall not count a swap or security-based swap that is exempt pursuant to paragraph (d) of this section.

(7) September 1, 2022 with respect to requirements in § 237.3 for initial margin for any other covered swap entity with respect to non-cleared swaps and non-cleared security-based swaps entered into with any other counterparty.

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Chapter III

Authority and Issuance

For the reasons set forth in the Supplementary Information section, the Federal Deposit Insurance Corporation amends 12 CFR Chapter III as follows:

PART 349—DERIVATIVES

6. The authority citation for subpart A of part 349 continues to read as follows:

Authority: 7 U.S.C. 6s(e), 15 U.S.C. 78o-10(e), and 12 U.S.C. 1818 and 12 U.S.C. 1819(a)(Tenth), 12 U.S.C.1813(q), 1818, 1819, and 3108.

7. Section 349.1 is amended by revising paragraphs (e)(6) and (e)(7) to read as follows:

§349.1 Authority, purpose, scope, exemptions and compliance dates.

* * * * *

(e) *Compliance dates.* * * *

* * * * *

(6) September 1, 2021 with respect to requirements in § 349.3 for initial margin for any non-cleared swaps and non-cleared security-based swaps, where both:

(i) The covered swap entity combined with all its affiliates; and

(ii) Its counterparty combined with all its affiliates, have an average daily aggregate notional amount of non-cleared swaps, foreign exchange forwards and foreign exchange swaps for March, April and May 2021 that exceeds \$50 billion, where such amounts are calculated only for business days; and

(iii) In calculating the amounts in paragraphs (e)(6)(i) and (ii) of this section, an entity shall count the average daily aggregate notional amount of a non-cleared swap, a non-cleared security-based swap, a foreign exchange forward or a foreign exchange swap between the entity and an affiliate only one time, and shall not count a swap or security-based swap that is exempt pursuant to paragraph (d) of this section.

(7) September 1, 2022 with respect to requirements in § 349.3 for initial margin for any other covered swap entity with respect to non-cleared swaps and non-cleared security-based swaps entered into with any other counterparty.

FARM CREDIT ADMINISTRATION

12 CFR Chapter VI

Authority and Issuance

For the reasons set forth in the preamble, the Farm Credit Administration amends chapter VI of title 12, Code of Federal Regulations, as follows:

PART 624 –MARGIN AND CAPITAL REQUIREMENTS FOR COVERED SWAP ENTITIES

8. The authority citation for part 624 continues to read as follows:

Authority: 7 U.S.C 6s(e), 15 U.S.C. 78o-10(e), 12 U.S.C. 2154, 12 U.S.C. 2243, 12 U.S.C. 2252, 12 U.S.C. 2279bb-1.

9. Section 624.1 is amended by revising paragraphs (e)(6) and (e)(7) to read as follows:

§624.1 Authority, purpose, scope, exemptions and compliance dates.

* * * * *

(e) *Compliance dates.* * * *

* * * * *

(6) September 1, 2021 with respect to requirements in § 624.3 for initial margin for any non-cleared swaps and non-cleared security-based swaps, where both:

(i) The covered swap entity combined with all its affiliates; and

(ii) Its counterparty combined with all its affiliates, have an average daily aggregate notional amount of non-cleared swaps, foreign exchange forwards and foreign exchange swaps for March, April and May 2021 that exceeds \$50 billion, where such amounts are calculated only for business days; and

(iii) In calculating the amounts in paragraphs (e)(6)(i) and (ii) of this section, an entity shall count the average daily aggregate notional amount of a non-cleared swap, a non-cleared security-based swap, a foreign exchange forward or a foreign exchange swap between the entity and an affiliate only one time, and shall not count a swap or security-based swap that is exempt pursuant to paragraph (d) of this section.

(7) September 1, 2022 with respect to requirements in § 624.3 for initial margin for any other covered swap entity with respect to non-cleared swaps and non-cleared security-based swaps entered into with any other counterparty.

FEDERAL HOUSING FINANCE AGENCY

12 CFR Chapter XII

Authority and Issuance

For the reasons set forth in the preamble, the Federal Housing Finance Agency amends chapter XII of title 12, Code of Federal Regulations, as follows:

PART 1221— MARGIN AND CAPITAL REQUIREMENTS FOR COVERED SWAP ENTITIES

10. The authority citation for part 1221 continues to read as follows:

Authority: 7 U.S.C. 6s(e), 15 U.S.C. 78o-10(e), 12 U.S.C. 4513, and 12 U.S.C. 4526(a).

11. Section 1221.1 is amended by revising paragraphs (e)(6) and (e)(7) to read as follows:

§1221.1 Authority, purpose, scope, exemptions and compliance dates.

* * * * *

(e) *Compliance dates.* * * *

* * * * *

(6) September 1, 2021 with respect to requirements in § 1221.3 for initial margin for any non-cleared swaps and non-cleared security-based swaps, where both:

(i) The covered swap entity combined with all its affiliates; and

(ii) Its counterparty combined with all its affiliates, have an average daily aggregate notional amount of non-cleared swaps, foreign exchange forwards and foreign exchange swaps for March, April, and May 2021 that exceeds \$50 billion, where such amounts are calculated only for business days; and

(iii) In calculating the amounts in paragraphs (e)(6)(i) and (ii) of this section, an entity shall count the average daily aggregate notional amount of a non-cleared swap, a non-cleared security-based swap, a foreign exchange forward or a foreign exchange swap between the entity and an affiliate only one time, and shall not count a swap or security-based swap that is exempt pursuant to paragraph (d) of this section.

(7) September 1, 2022 with respect to requirements in § 1221.3 for initial margin for any other covered swap entity with respect to non-cleared swaps and non-cleared security-based swaps entered into with any other counterparty.

Brian P. Brooks
Acting Comptroller of the Currency

By order of the Board of Governors of the Federal Reserve System.

Ann E. Misback,
Secretary of the Board.

Federal Deposit Insurance Corporation.

Dated at Washington, DC, on or about June 25, 2020.

James P. Sheesley,

Acting Assistant Executive Secretary.

Dale Aultman

Secretary,

Farm Credit Administration Board.

Mark A. Calabria,

Director, Federal Housing Finance Agency.

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