

## Cabinet News and Views

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### CFTC Finalizes Rule Regarding LIBOR Transition Clearing Requirement Determination for Certain Interest Rate Swaps



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On August 12, the Commodity Futures Trading Commission (“CFTC”) issued a [final rule](#) amending its [Regulation 50.4\(a\)](#) clearing requirements for swaps.

The latest in a series of rulemaking that is supportive of the financial industry’s transition away from interbank benchmarks, the new final rule adjusts CFTC clearing requirements to reflect this change.

(1) Effective 30 days from publication in the Federal Register:

- interest rate swaps referencing certain LIBOR rates (GBP LIBOR, CHF LIBOR, JPY LIBOR, EUR LIBOR and EONIA) no longer require clearing to a registered or exempt derivatives clearing organization (DCO);
- interest rate swaps referencing certain alternative reference rates (CHF Swiss Average Rate Overnight, JPY Tokyo Overnight Average Rate, and EUR Euro Short Term Rate (€STR)) will require clearing by a DCO;
- the termination date range is extended for GBP Sterling Overnight Index Average overnight index swaps.

(2) Effective October 31:

- overnight index swaps referencing USD Secured Overnight Financing Rate (SOFR) and SGD Singapore Overnight Rate Average (SORA) require clearing by a DCO.

(3) Effective July 1, 2023:

- interest rate swaps pegged to USD LIBOR and SGD Swap Offer Rate (SOR-VWAP) no longer require clearing.

CFTC Chairman Rostin Behnam [remarked](#) that the new rule provides “legal certainty and regulatory transparency for DCOs, market participants, and our fellow international authorities,” and Commissioners Kristin N. Johnson and Christy Goldsmith Romero issued supportive statements.

Notably, Commissioner Caroline D. Pham concurred, but set the stage for no-action relief requests in her [statement](#), emphasizing the importance of “international harmonization and a practical approach” to rulemaking, suggesting that the effective date should coincide with the Bank of England’s proposed effective date of October 31 and that the CFTC should hold off on clearing requirements for interest rate swaps tied to Swiss and Singaporean rates until their respective regimes have published their own swap-clearing requirements.

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