

## **DODD FRANK ACT ( Title VII)**

**Reference document:** Dodd–Frank Wall Street Reform and Consumer Protection Act.

**Link:** <http://www.gpo.gov/fdsys/pkg/PLAW-111publ203/content-detail.html>

**Applicability date:** 21/07/2010

### **Introduction**

The Dodd-Frank Act approved on 21 July 2010 is a vast reform covering numerous aspects of US financial regulation. Like the recent European regulations, it targets 4 major issues (preventing systemic risk, regulating the derivatives markets, improving transparency, and increasing protection for consumers and shareholders).

The new regulations applicable to the OTC derivatives market are covered in Title VII of the Dodd-Frank Act; their oversight will mainly be handled by the two American regulators, i.e. the SEC for swaps and the CFTC for other types of derivatives. These regulations revolve around 3 main undertakings:

- Reinforcing capital requirements and regulatory reporting for the main players on those markets, i.e. swap dealers and major swap participants.
- The requirement to use clearing houses for certain categories of derivatives. The exact scope of the products concerned is still to be determined by the SEC and CFTC but should only include standardised OTC products, thus excluding swaps and forward foreign exchange contracts.
- The requirement to submit reports to central Swap Data Repositories (SDR), via clearing houses for cleared products, and directly for non-cleared products. This reporting will need to be done in real time for derivatives transactions, whether cleared or not, in order to make price and volume data available to the public as soon as possible after the transactions.

The clearing and reporting requirements also apply to non-US persons involved in derivatives transactions with US persons.

### **Current situation:**

28 November 2012: the CFTC published the final clearing rules  
for certain types of swaps (credit default swaps and interest rate swaps).

31 December 2012: start of registration for swap dealers and major swap participants  
start of reporting for interest rate swaps and credit swaps

28 February 2013: start of reporting for derivatives relating to equities, foreign exchange and  
commodities

11 March 2013: start of clearing requirement for swap dealers and major  
swap participants;

4 October 2013: reporting requirement extended to all derivatives market participants

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