



# FACT SHEET

Federal Deposit Insurance Corporation

September 17, 2019

Media Contact:  
Julianne Fisher Breitbeil  
(202) 898-6895  
[JBreitbeil@fdic.gov](mailto:JBreitbeil@fdic.gov)

## **FACT SHEET: Notice of Proposed Rulemaking to Amend Swap Margin Requirements for Non-Cleared Swaps**

The Dodd-Frank Wall Street Reform and Consumer Protection Act required the Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Federal Reserve Board of Governors, Farm Credit Administration, and Federal Housing Finance Agency to jointly adopt rules that establish capital and margin requirements for swap entities that are prudentially regulated by one of the agencies (i.e., “covered swap entities”). These capital and margin requirements apply to swaps that are not cleared by a registered derivatives clearing organization or a registered clearing agency (i.e., “non-cleared swaps”).

The resulting Swap Margin Rule established an effective date of April 1, 2016, with a phased-in compliance schedule for the initial and variation margin requirements. On or after March 1, 2017, all covered swap entities were required to comply with the variation margin requirements for transactions with other swap entities and financial end-user counterparties. The Swap Margin Rule presently requires all covered swap entities to comply with the initial margin requirements for non-cleared swaps with all financial end-users with a material swaps exposure and with all swap entities by September 1, 2020.

The [Notice of Proposed Rulemaking](#) would make the following changes to the Swap Margin Rule:

- Provide relief by allowing legacy swaps to be amended to replace existing interest rate provisions based on certain interbank offered rates (IBORs) and other interest rate benchmarks. The proposal would apply to IBOR benchmarks and other interest rate benchmarks that are reasonably expected to be discontinued or are reasonably determined to have lost their relevance as reliable benchmarks due to a significant impairment, without such swaps losing their legacy status.
- 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.
- Add an additional initial margin compliance period for certain smaller counterparties, and clarify the existing trading documentation requirements in the Swap Margin Rule.
- Amend the Swap Margin Rule to permit amendments caused by certain routine life-cycle activities that covered swap entities may conduct for legacy swaps, such as notional amount reductions and portfolio compression exercises, without triggering margin requirements.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation’s banking system. The FDIC insures deposits at the nation’s banks and savings associations, 5,303 as of June 30, 2019. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC’s Public Information Center (877-275-3342 or 703-562-2200). Fact Sheet 2019

Stay connected to the FDIC  
Twitter: <https://twitter.com/FDICgov>  
Facebook: <https://www.facebook.com/FDICgov>

LinkedIn: <https://www.linkedin.com/company/fdic>  
YouTube: <https://www.youtube.com/user/FDICchannel>