

ALERTS

Swaps Update: Mandatory Trading on SEFs Commences February 15 for Certain Interest Rate Swaps

January 28, 2014

The Commodity Futures Trading Commission (the “CFTC”) announced its first two “made available for trade” determinations (each, a “MAT Determination”), which mandate that fund managers trade certain benchmark interest rate swaps on behalf of their funds and managed accounts through a swap execution facility (a “SEF”) or a designated contract market (a “DCM”). Once a product is subject to a MAT Determination, fund managers will not be permitted to trade such products over-the-counter. **Fund managers must complete the onboarding process with an appropriate SEF or DCM if they intend to trade swaps subject to the MAT Determinations by Feb. 15 or 21, depending upon the particular interest rate swap.** The MAT Determinations apply to funds that are “U.S. Persons,” which include: (1) funds that are incorporated or organized in the U.S.; (2) funds incorporated or organized inside or outside the U.S. that are managed by investment managers that have a “principal place of business” in the U.S.; and (3) funds with a “majority of U.S. investors.”

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