SchulteRoth&Zabel Private Funds Regulatory UPDATE

CFTC Actions on Automated Trading

July 2020

On June 25, 2020, the Commodity Futures Trading Commission issued a rulemaking proposal addressing the risks of electronic trading causing disruptions in the commodity futures, options and swaps markets. ¹ The proposed regulations would impose new obligations upon exchange operators to take steps to prevent, detect and mitigate market disruptions associated with electronic trading; exchange operators would also be required to implement pre-trade risk controls for electronic orders; this proposal would not apply directly to private fund managers and other market participants, but all market participants could be affected by the efforts of exchange operators to ensure upstream compliance with the new rules.

Relatedly, on the same date, the CFTC withdrew a contentious 2015 proposal ("Regulation AT") that would have imposed prescriptive risk management measures, new registration requirements and source code production obligations upon market participants employing algorithmic trading software.²

This article appeared in the July 2020 edition of SRZ's Private Funds Regulatory Update. To read the full Update, click here.

¹ https://www.cftc.gov/sites/default/files/2020/07/2020-14381a.pdf.

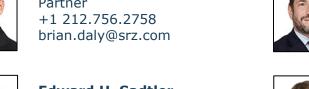
² https://www.cftc.gov/sites/default/files/2020/07/2020-14383a.pdf.

Schulte Roth & Zabel Private Funds Regulatory UPDATE

Contacts:



Brian T. Daly Partner +1 212.756.2758





Marc E. Elovitz Partner +1 212.756.2553 marc.elovitz@srz.com



Edward H. Sadtler Partner +1 212.756.2290 edward.sadtler@srz.com



Anna Maleva-Otto +44 (0) 20 7081 8037 anna.maleva-otto@srz.com



Kelly Koscuiszka Special Counsel +1 212.756.2465 kelly.koscuiszka@srz.com

Schulte Roth & Zabel New York | Washington DC | London www.srz.com

This communication is issued by Schulte Roth & Zabel LLP and Schulte Roth & Zabel International LLP for informational purposes only and does not constitute legal advice or establish an attorney-client relationship. In some jurisdictions, this publication may be considered attorney advertising. ©2020 Schulte Roth & Zabel LLP and Schulte Roth & Zabel International LLP. All rights reserved. SCHULTE ROTH & ZABEL is the registered trademark of Schulte Roth & Zabel LLP.