

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>.

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