

## **FIA Statement on CFTC Customer Protection Rule**

Washington, D.C.—Oct. 31, 2013—The Futures Industry Association today issued the following statement regarding the Commodity Futures Trading Commission’s final rule on customer protections:

FIA strongly supports the vast majority of the customer protections contained in the rule, many of which grew out of recommendations made by an FIA task force in the wake of the MF Global collapse. The codification of these requirements strengthens the protections and safeguards for customers, and we commend the Commission for finalizing these important changes.

However, we oppose the CFTC’s final language on residual interest for all the reasons that FIA, agricultural customers and Members of Congress have articulated to the Commission over the last several months of its consideration. Once it takes effect, this rule will require far-reaching changes to industry practices, and as has been recognized, this will most disadvantage agricultural customers and small futures commission merchants. Importantly this residual interest provision would not protect customers in an MF Global situation.

We appreciate that in the final rule the Commission modified the residual interest requirement by phasing in the required changes over five years and by requiring a study and a roundtable to assess the impact of such changes. We are concerned, however, that it may prove difficult for any future Commission to adjust or revise this policy. The Commission’s residual interest requirements are based on an interpretation of FCM obligations that goes against decades of CFTC and industry practice. We disagree with this interpretation, and while we support studying the impact of the changes required by the new requirements, we want the study to be meaningful.

For that reason, we welcome the comments made by several Commissioners at yesterday’s meeting that recognize the agency’s discretion and willingness to modify its policy on residual interest in response to the information it receives about the impact of these changes. Nonetheless, we think the better course would have been to adopt Commissioner O’Malia’s amendment, which would have achieved the Commission’s purpose without seeming to pre-determine the outcome.

FIA looks forward to working with the Commission over the coming months to provide additional data and facts on the implications of yesterday’s decision.

*FIA is the primary industry association for centrally cleared futures and swaps. Its membership includes the world’s largest derivatives clearing firms as well as exchanges and clearinghouses from more than 20 countries. FIA seeks to promote best practices and standardization in the cleared derivatives markets, provide policymakers with an informed perspective on the derivatives markets, and advocate for the interests of its members, its markets and its customers. FIA strives to protect open and competitive markets, protect the public interest through adherence to high standards of professional conduct and financial integrity, and promote public trust and confidence in the cleared markets.*

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