

CFTC: Exam Policies and Rule Amendment ICE Futures Filing

Friday, February 15, 2019

CFTC Requests Public Comment on a Rule Amendment Certification Filing by ICE Futures U.S.

The Commodity Futures Trading Commission is requesting public comment on a rule amendment certification filing by ICE Futures U.S., Inc. (IFUS). As described in the certification, the proposed amendment to IFUS Rule 4.26 would allow for the implementation of Passive Order Protection (POP) Functionality, which is intended to reduce latency advantages between traders engaged in arbitrage strategies against related markets. The POP Functionality proposed by the certification would be implemented in the daily gold and silver futures markets.

CFTC's Division of Market Oversight has determined to stay IFUS Submission No. 19-119 (February 1, 2019) pursuant to Section 5c(c)(2) of the Commodity Exchange Act (CEA) and CFTC Regulations 40.6(c) and 40.7(a)(2) because the certification presents novel or complex issues that require additional time to analyze and may be inconsistent with the CEA or CFTC regulations.

Comments on the proposed amendments must be submitted by March 15. Comments may be submitted electronically through the CFTC's Comments Online Process, available [here](#).

CFTC Divisions Announce 2019 Examination Policies

On February 12, the Commodity Futures Trading Commission announced 2019 Examination Priorities (the "Examination Priorities") for registrants of the Division of Market Oversight (DMO), Division of Swap Dealer and Intermediary Oversight (DSIO), and Division of Clearing & Risk (DCR). This marks the first time that the agency has published Examination Priorities for its divisions.

DMO

DMO's Compliance Branch currently conducts examinations of designated contract markets to monitor their compliance with the Commodity Exchange Act (CEA) and CFTC regulations through Rule Enforcement Reviews.

DMO Examination Priorities for 2019 will focus on: (1) cryptocurrency surveillance practices; (2) surveillance for disruptive trading; (3) selected aspects of trade surveillance practices; (4) block trade surveillance practices; (5) selected aspects of market surveillance practices; and (6) real-time market monitoring practices.

DSIO

DSIO's Examinations Branch is primarily responsible for overseeing derivative markets intermediaries, including futures commission merchants (FCMs), swap dealers (SDs), major swap participants (MSPs) commodity pool operators (CPOs), commodity trading advisors, introducing brokers and retail foreign exchange dealers.

DSIO's Compliance Branch's 2019 Examination Priorities will focus on customer funds protections, including: (1) withdrawal of residual interest from customer accounts; (2) accepted forms of non-cash margin; (3) compliance with segregation requirements; (4) FCM use of customer depositories; and (5) FCM customer account

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documentation.

DCR

DCR examination of derivative clearing organizations (DCOs) will examine the DCO's financial resources, risk management, system safeguards and cyber-security policies, practices, and procedures to assess the maturity, capabilities, and overall resilience of the DCO.

The CFTC announcement is available [here](#).

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