On March 4, the Commodity Futures Trading Commission (CFTC) announced that it unanimously approved amendments to CFTC Rule 30.10 to codify the CFTC’s authority to terminate exemptive relief issued to foreign firms. Through an existing exemptive program, the CFTC provides foreign entities with access to U.S. customers and U.S. customers with increased access to foreign futures markets by allowing customers to interface with foreign brokers subject to comparable regulatory oversight. To apply for exemptive relief under Rule 30.10, a foreign regulator or self-regulatory organization acting on behalf of foreign brokers within its jurisdiction must specify with particularity the corresponding laws and regulations applicable in the broker’s home jurisdiction.

The amended rule clarifies the circumstances under which the CFTC may terminate the exemptive relief. Specifically, the CFTC may terminate the exemptive relief if the CFTC determines, after an opportunity to respond, that: (1) there is a material change or omission in the facts and circumstances pursuant to which relief was granted that demonstrate that the standards set forth in Appendix A to Part 30 of this part forming the basis for granting relief are no longer met; (2) the continued effectiveness of any such exemptive relief would be contrary to the public interest or
inconsistent with the purposes of the Rule 30.10 exemption; or (3) the arrangements in place for the sharing of information with the CFTC do not warrant continuation of the exemptive relief granted.

The rule provides that the CFTC will give an affected party notice prior to terminating a Rule 30.10 exemption, and the affected party, and any other interested person, will have 30 business days to respond.

The amended rule is effective upon publication in the Federal Register. More information on the Rule 30.10 amendment is available here.

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