

U.S. Prudential Regulators Expected to Propose Amendments to Swap Margin Rule

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On September 17, 2019, the Federal Deposit Insurance Corporation (the “**FDIC**”) [published](#) proposed amendments (the “**Proposal**”) to the U.S. prudential regulators’ (the “**Agencies**”) non-cleared swap and security-based swap margin regulations (the “**Swap Margin Rule**” or the “**Rule**”). Each of the Agencies is expected to issue the Proposal as published by the FDIC. Among other things, the Proposal would:

- permit prudentially regulated swap dealers and security-based swap dealers (“**covered swap entities**”) to make certain amendments to Legacy Swaps without bringing them into scope for purposes of the Rule, including amendments made to replace an interbank offer rate, such as the London Interbank Offered Rate;
- repeal the Swap Margin Rule’s requirement that a covered swap entity collect initial margin from its affiliates (although variation margin would still be required);
- add an additional initial margin compliance period for certain smaller counterparties; and
- clarify the point at which certain initial margin documentation must be put in place.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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