

Obama Administration Proposes Sweeping Legislation to Regulate Over-The-Counter Derivatives

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On August 11, 2009, the Obama Administration released the “Over-the-Counter Derivatives Markets Act of 2009” (the “Proposed Bill”), sweeping legislation that for the first time would subject the over-the-counter (“OTC”) derivatives markets, OTC derivatives dealers, derivatives clearing organizations and agencies, swap repositories and major non-dealer participants to comprehensive regulation. The Proposed Bill is dense and complex and is rife with interpretive issues. It will have major consequences for the OTC derivatives markets, dealers and participants, as well as for the CFTC and SEC. It represents a significant policy reversal from the Commodities Futures Modernization Act of 2000, legislation that essentially shielded the OTC derivatives market from pervasive regulation.

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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