



CFTC Clears Decks for "No Deal" Brexit

The Commodity Futures Trading Commission ("CFTC") extends no-action and exemptive relief from the European Union to the United Kingdom.

On April 5, 2019, the CFTC's Divisions of Clearing and Risk, Market Oversight, and Swap Dealer and Intermediary Oversight extended existing no-action and exemptive [relief](#) for European Union institutions and regulatory schemes to their United Kingdom equivalents. The CFTC took this action in view of the fact that the United Kingdom will no longer be an EU member after Brexit. Absent further developments or extensions, the United Kingdom will leave the European Union on April 12 via the default-option "no deal" Brexit. The CFTC relied on the approach of the UK authorities whereby existing EU legislation is fully transposed into domestic UK law, meaning that the UK regulatory regime will remain aligned with existing EU rules in the immediate aftermath of Brexit. The UK regulatory regime will thus continue to benefit from existing CFTC no-action and exemptive relief.

CFTC No-Action Letter [19-08](#) grants no-action relief for persons relying on comparability determinations for certain EU entity-level, external business conduct, and margin regulations for six months in the event of a "no deal" Brexit and until the end of any transitional arrangement, in the event that the United Kingdom leaves the European Union on the terms of the draft withdrawal agreement, which the UK Parliament has not yet approved. The no-action relief will also expire early upon the issuance of an independent comparability determination for the United Kingdom.

CFTC No-Action Letter [19-09](#) extends various exemptive and no-action relief concerning *de minimis* swap dealers, recognition of EU risk mitigation techniques, trade reporting, and obligations in relation to interaffiliate swaps.

These actions are consistent with the [joint statement](#) issued by the CFTC and financial regulators in the United Kingdom on February 25, and they provide a degree of comfort in uncertain times.



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