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CFTC Extends No-Action Relief to SEFs From Certain Block Trade Requirements

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On November 14, the Commodity Futures Trading Commission extended time-limited no-action relief to swap execution facilities (SEFs) from certain block trade requirements in the definition of “block trade” in CFTC regulation 43.2.

The relief is subject to (1) the block trade not being executed on the SEF’s order book functionality; (2) the SEF adopting rules on cleared trades requiring compliance with the other requirements of CFTC regulation 43.2; (3) the registered future commission merchant (FCM) completing the required pre-execution credit check at the time the order for the block trade enters the SEF’s non-order book trading system or platform; and (4) the block trade being subject to rejection based on credit.

In extending the no-action position, the CFTC staff noted that it understands that no mechanism currently exists to enable a pre-execution credit check where blocks are executed away from a SEF. The CFTC staff confirmed that, in these circumstances, an FCM clearing firm that does not have knowledge of a block trade and clears the trade would not be in violation of the pre-execution credit check requirement under CFTC Rule 1.73.

The relief is set to expire on November 5, 2020.

CFTC Letter No. 17-60 is available [here](#).

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