

Corporate & Financial Weekly Digest

Posted at 12:58 PM on August 13, 2010 by [Kenneth M. Rosenzweig](#)

CFTC Reissues Proposed Rules for Segregated Funds Acknowledgment Letters

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The Commodity Futures Trading Commission has reissued its proposal to amend CFTC Regulations 1.20, 1.26 and 30.7, relating to the acknowledgment letters that futures commission merchants (FCMs) and derivatives clearing organizations (DCOs) are required to obtain from depositories that hold customer segregated and/or secured amount funds.

In response to comments on its previous proposal, the CFTC's amended proposal includes a required form of acknowledgment letter. FCMs and DCOs would be required to update the acknowledgment letters within 60 days of any change in the name of the FCM or DCO, of the bank, trust company, FCM or DCO that has received the funds, or of any change in the account number. Finally, the CFTC has proposed to create an electronic filing system for the required acknowledgement letters.

The proposal would require FCMs and DCOs to obtain updated acknowledgment letters in compliance with the new requirements within 90 days after the publication of final regulations in the Federal Register. The proposed rules would, however, leave intact that portion of Regulation 1.20 that makes it unnecessary for an FCM to obtain an acknowledgment letter from a DCO whose rules provide for the segregation of customer funds in compliance with the Commodity Exchange Act and CFTC regulations.

The comment period for the CFTC proposal expires on September 8.

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