

Corporate & Financial Weekly Digest

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CFTC Inspector General Issues Report Examining Cost-Benefit Analyses of Dodd-Frank Rulemaking

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The Office of the Inspector General (OIG) for the Commodity Futures Trading Commission has issued a report summarizing its investigation into the CFTC's cost-benefit analyses for four rulemakings promulgated under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The OIG investigation, which was conducted at the request of Reps. Frank Lucas (R-OK) and K. Michael Conway (R-TX), reviewed how the CFTC formulated its cost-benefit analyses for its rulemakings regarding (1) definitions of "swap dealer," "major swap participant" and other key terms from Title VII of the Dodd-Frank Act; (2) confirmation, portfolio reconciliation and compression requirements for swap dealers and major swap participants; (3) core principles for designated contract markets; and (4) duties of swap dealers and major swap participants.

In its report, OIG concludes that, to a varying extent for the various rulemakings examined, the CFTC's Office of General Counsel (OGC) appeared to have a more dominant role in formulating the cost-benefit analysis than did the CFTC's Office of the Chief Economist (OCE), at times overriding the latter's input into the process. OIG further stated that the OGC's methodology for formulating cost-benefit analyses utilized a historic and "somewhat stripped down" analytical approach, and recommended that a "more robust" approach, with greater OCE input, be implemented.

A copy of the OIG report is available [here](#).

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