
Dodd-Frank: End User Exception to Swap Clearing Requirements

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Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act"), titled "Wall Street Transparency and Accountability," focuses on the over-the-counter ("OTC") swaps market with the intention of creating transparency and minimizing systemic risk from derivatives trading. Title VII of the Act defines the term "swap" broadly to include interest rate swaps, equity and equity index swaps, debt and debt index swaps, credit and credit default swaps, credit spreads, and commodity swaps. The Act defines a "security-based swap" as any swap that "is based on - (I) an index that is a narrow-based security index . . . (II) a single security or loan . . . or (III) the occurrence, nonoccurrence, or extent of the occurrence of an event relating to a single issuer of a security or the issuers of securities in a narrow-based security index, provided that such event directly affects the financial statements, financial condition, or financial obligations of the issuer."

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