

To:	All Market Participants Engaged in Foreign Exchange Prime Brokerage
From:	Foreign Exchange Committee and Financial Markets Lawyers Group
Date:	February 15, 2013
Re:	Foreign Exchange Prime Brokerage Reporting Obligations

In the interest of facilitating compliance with certain reporting obligations arising pursuant to rules that the Commodity Futures Trading Commission (the "CFTC") has issued in connection with the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Rules"), the Foreign Exchange Committee (the "FXC") and the Financial Markets Lawyers Group (the "FMLG")<sup>1</sup> recommend the following market practices (the "Market Practices"):

1. Allocation of Responsibilities. Unless otherwise agreed, as between executing dealers and foreign exchange prime brokers, the allocation for each of the parties' respective responsibilities for Swap Reporting under Parts 43 and 45 of the Rules will be as set forth in the letter, dated December 17, 2012, from the CFTC's Division of Market Oversight to the FMLG and International Swaps and Derivatives Association, Inc. (the "CFTC No-Action Relief Letter"), a copy of which is available at: <http://www.cftc.gov/ucm/groups/public/@lrllettergeneral/documents/letter/12-53.pdf>. For the avoidance of doubt, this Market Practice does not create Part 43 reporting obligations for foreign exchange transactions which are not subject to Part 43 reporting obligations as per applicable law (such as physically-settled currency forwards and physically-settled currency swaps exempted from the definition of "swaps" by the U.S. Department of the Treasury on November 16, 2012 (which are subject to Part 45 reporting obligations).)
2. Swap Dealer Registration. Each party acting as an executing dealer or prime broker in connection with an FX Prime Brokerage arrangement will be a swap dealer, and will be duly registered as such with the CFTC.
3. Economic Terms and Pricing. Each ED-PB Swap and the related Mirror Swap will have identical economic terms and pricing, subject to adjustment in the case of the Mirror Swap as a result of the related prime brokerage servicing fee.
4. Unique Swap Identifier ("USI"). As soon as technologically practicable after the executing dealer has created an ED-PB Swap USI, the executing dealer will disclose such ED-PB Swap USI to the related foreign exchange prime broker.

Capitalized terms used but not otherwise defined herein have the meanings given to them in the CFTC No-Action Relief Letter. These Market Practices expire on June 30, 2013, or such other date as conveyed in further guidance from the CFTC (or CFTC staff) regarding Part 43, 45, and/or USI, Reporting for FX Prime Brokerage transactions. For more information on these Market Practices, please contact Robert Klein, FMLG, at 212-816-5585.

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<sup>1</sup> These Market Practices are being issued by the FXC and the FMLG to facilitate compliance with the Rules. Although the FXC and the FMLG are sponsored by the Federal Reserve Bank of New York, these Market Practices are not endorsed by the Federal Reserve Bank of New York or the Federal Reserve System. These Market Practices should not be relied upon as legal advice. Parties should consult your own legal counsel on matters of compliance with the Rules.