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CFTC Staff Issues No-Action Letter Regarding Pre-Trade Mid-Market Mark for Certain Interest Rate Swaps Referencing SOFR

February 22, 2024

Washington, D.C. — The Commodity Futures Trading Commission’s Market Participants Division (MPD) today issued a no-action letter in relation to the requirement in Regulation 23.431 that swap dealers and major swap participants (swap entities) disclose to certain counterparties the Pre-Trade Mid-Market Mark (PTMMM) of a swap.

The no-action position issued today states that MPD will not recommend the Commission take an enforcement action against a registered swap entity for its failure to disclose the PTMMM to a counterparty in certain interest rate swaps referencing the Secured Overnight Financing Rate (SOFR) that are identified in the no-action letter, provided that: (1) real-time tradeable bid and offer prices for the swap are available electronically, in the marketplace, to the counterparty; and (2) the counterparty to the swap agrees in advance, in writing, that the registered swap entity need not disclose a PTMMM for the swap.

The no-action letter provides a similar no-action position as that in CFTC Staff Letter No. [12-58](#) for certain interest rate swaps referencing the London Interbank Offered Rate (LIBOR). It responds to a request from the Alternative Reference Rate Committee (ARRC). ARRC, at the direction of the Federal Reserve Bank of New York, identified SOFR as a preferred replacement for US Dollar LIBOR in response to significant concerns regarding the reliability and robustness of LIBOR and other interbank offered rates.

The no-action position in the letter is applicable to all registered swap entities.

-CFTC-

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