

# Joint Audit Committee

## Regulatory Update

TO: Chief Financial Officers  
Chief Compliance Officers

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DATE: March 16, 2001

SUBJECT: CFTC Final Rule: Interpretative Statement regarding Rule 30.7

The CFTC issued an Interpretative Statement clarifying an FCM's responsibility to ensure customer secured funds are held pursuant to Rule 30.7. Previously, the Commission interpreted the rule to require FCMs to perform an inquiry with respect to the treatment of customer secured funds by any depository handling such funds. Under the new interpretation, an FCM's responsibility is limited to the initial depository.

Specifically, FCMs were required to ensure that all intermediate depositories as well as the ultimate depository of customer secured funds held such funds pursuant to CFTC Rule 30.7. If not, the FCM was required to set aside their own funds in a "mirror" account to meet the set aside requirements. The Interpretative Statement amends the requirements for allowing funds as good secured assets by only requiring Rule 30.7 compliance of the initial depository and not subsequent depositories.

Accordingly, to include funds as customer secured assets, an FCM need only obtain a secured acknowledgment from the initial depository holding such funds and furnish to each secured customer a disclosure tracking either the language of Rule 1.55(b)(7) or paragraphs 6 and 8 of Appendix A to Rule 1.55(c).

The Interpretative Statement was effective October 11, 2000. Attached is a copy of the [Federal Register](#).

If you have any questions, please contact your DSRO or visit the JAC Web Site at [www.wjammer.com/jac](http://www.wjammer.com/jac).