
CFTC Proposes “Regulation AT” for Automated Trading

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On November 24, 2015, the Commodity Futures Trading Commission (CFTC or Commission) proposed a new regulatory regime for automated trading on US designated contract markets (DCM) (Regulation AT or the proposal). The Commission describes the proposal as “a comprehensive approach to reducing risk and increasing transparency in automated trading.” Regulation AT would impose a series of risk controls and other regulatory requirements on several layers of market participants: (a) market participants meeting the definition of an “AT Person”; (b) clearing member futures commission merchants whose customers are AT Persons; and (c) DCMs executing orders from AT Persons. According to the Commission, the proposal enshrines many of the best practices already adopted by industry and generally takes a principles-based approach to risk control requirements and other measures. This client alert provides an overview of the CFTC’s proposal and highlights several important areas for clients to consider.

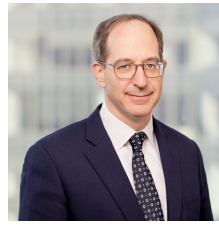
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