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Press Release

July 28, 2011

Federal Reserve seeks comment on proposal setting standards for banking organizations engaging in certain types of foreign exchange transactions

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The Federal Reserve Board is seeking comment on a proposal that sets standards for banking organizations regulated by the Federal Reserve that engage in certain types of foreign exchange transactions with retail customers.

The proposal, issued pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, outlines requirements for disclosure, recordkeeping, business conduct, and documentation for retail foreign exchange transactions. Institutions engaging in such transactions will be required to identify themselves to their regulator and to be well capitalized. They will also be required to collect margin for retail foreign exchange transactions.

The types of transactions covered by the rule include off-exchange futures and options on futures, over-the-counter options on foreign currency, and so-called rolling spot transactions. The proposal does not include regular spot transactions, listed options on foreign currency, and foreign currency forwards and swaps. The proposal would cover entities regulated by the Federal Reserve including state member banks, bank and financial holding companies, Edge Act and agreement corporations, and uninsured state-licensed branches and agencies of foreign banks.

The Federal Reserve consulted with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The agencies have engaged in separate rulemakings as specified by Dodd-Frank.

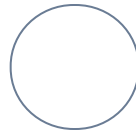
The Federal Reserve requests comments on the proposal, which will be published soon in the *Federal Register*, by October 11, 2011.

For media inquiries, call 202-452-2955.

Federal Register notice: Regulation NN, [HTML](#) | [PDF](#)

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Last Update: July 28, 2011



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