

INTRODUCTION TO THE COMMERCIAL END-USER EXCEPTION TO MANDATORY CLEARING OF SWAPS AND SECURITY-BASED SWAPS UNDER TITLE VII OF THE DODD-FRANK ACT

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Corporate Alert

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This practice note (i) provides an introduction to the commercial end-user exception to clearing of swaps and security-based swaps (the "Commercial End-User Exception"), (ii) explains the scope and basic requirements of the Commercial End-User Exception, (iii) provides considerations for commercial and manufacturing companies in determining whether to elect the Commercial End-User Exception, (iv) addresses corporate governance considerations implicated by the decision whether to use the Commercial End-User Exception, and (v) addresses disclosure implications of the Commercial End-User Exceptions for Securities and Exchange Commission ("SEC") registrants.

For the reasons described in this alert, this practice note will focus principally on the application of the Commercial End-User Exception to swaps rather than security-based swaps. See "Introduction to the United States Regulation of Swaps and Security-Based Swaps Under Title VII of the Dodd-Frank Act" for more information on distinguishing between swaps and security-based swaps.

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