

Please note that the comments expressed herein are solely my personal views

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- **17 CFR Parts 1 and 23**
- **RIN Number 3038-AD51**
- **Clearing Member Risk Management**

Dear Mr. Stawick.

Thank you for giving us the opportunity to comment on your notice of proposed rulemaking: Clearing Member Risk Management.

You are proposing rules to implement new statutory provisions enacted by Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). The proposed rules address risk management for cleared trades by futures commission merchants, swap dealers, and major swap participants that are clearing members, be requiring certain safeguards, protections and testing thereon.

I support the proposed rules, which will promote market integrity and improve the protection of customer funds. I also agree that "the use of properly regulated central clearing can reduce systemic risk". I would only recommend that you should provide additional details on some of the more technical requirements, particularly stress testing, and clarify the recordkeeping requirements.

#### Stress testing

Proposed §§ 1.73(a)(4) and 23.609(a)(4) require such clearing members to conduct stress tests of all positions at least once per week. I would strongly recommend that you provide a minimum level of qualitative or quantitative requirements or control on this stress testing,

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otherwise it may not provide meaningful information, and could even be misleading. For example, I would expect any stress testing to test a specified level of shock-severity, and provide a minimum level of confidence thereon. Such requirements will provide a certain level of assurance, and would also improve consistency in practice between different clearing members.

#### Recordkeeping

Proposed §§ 1.73(b)(2) and 23.609(b)(2) require clearing members to keep full, complete and systematic records documenting their compliance with the (proposed) regulations. I would recommend that you should specify here that such records should be required to be kept indefinitely. Original documents should be scanned after five years. There is really no technological or practical reason for limiting the retention period, and it would be useful to keep this information for future analytical and investigative purposes.

Yours sincerely

Chris Barnard