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07 January 2011

- **17 CFR Part 1**
- **RIN Number 3038-AD06**
- **Further Definition of “Swap Dealer”, “Security-Based Swap Dealer”, “Major Swap Participant”, “Major Security-Based Swap Participant” and “Eligible Contract Participant”.**

Dear Mr. Stawick.

Thank you for giving us the opportunity to comment on your joint proposed rule and proposed interpretations: Further Definition of “Swap Dealer”, “Security-Based Swap Dealer”, “Major Swap Participant”, “Major Security-Based Swap Participant” and “Eligible Contract Participant”.

In this context, in accordance with Section 712(d)(1) of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), you are proposing rules and interpretative guidance under the Commodity Exchange Act (CEA), 7 U.S.C. sec 1 et seq., to further define the terms swap dealer and major swap participant.

I strongly support the principles based approach and substance over form, which you have employed for the proposed definitions. This will allow you to be more flexible now and in the future in regulating this arena. My main comments are as follows:

Swap dealer

- I support the functional interpretation underlying the definition of swap dealer
- I would agree in principle that the focus here should be “...on those persons whose function is to serve as the points of connection in those markets.” This should apply in relation to swaps and security-based swaps

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

- I would recommend some flexibility in that an entity could be designated a swap dealer for one category of swaps without being designated as such for all categories.¹

Major swap participant

- I generally support the definition, which is based more on objective calculations to determine the risk-significance and impact of swap positions on the relevant entity
- positions should be marked to market
- I agree that the calculations should take account of whether the positions are cleared or uncleared, the quality and value of collateral held and should be netted

I agree with the proposed categorisation of swaps into rate swaps, credit swaps, equity swaps and other commodity swaps. Finally I support that the decision as to whether a position is used to hedge or mitigate commercial risk should ideally be made at the time the swap is entered into, considering the circumstance existing at that time, and taking into account management's general hedging and risk mitigation strategies.² This would be more objective and transparent and ensure a clear link to an entity's risk management.

I may comment again more fully as and when you propose further definitions for additional or related items.

Yours sincerely

Chris Barnard

¹ As allowed under the Dodd-Frank Act.

² See also my comment letter on RIN Number 3038–AD10, End-User Exception to Mandatory Clearing of Swaps.