

David A. Stawick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
United States

Chris Barnard
Germany

15 January 2011

- **17 CFR Part 23**
- **RIN Number 3038-AC96**
- **Confirmation, Portfolio Reconciliation, and Portfolio Compression Requirements for Swap Dealers and Major Swap Participants**

Dear Mr. Stawick.

Thank you for giving us the opportunity to comment on your notice of proposed rulemaking: Confirmation, Portfolio Reconciliation, and Portfolio Compression Requirements for Swap Dealers and Major Swap Participants.

Section 731 of the Dodd-Frank Act added a new section 4s(i) to the Commodity Exchange Act (CEA), which requires the CFTC to prescribe standards for swap dealers (SD) and major swap participants (MSP) relating to the timely and accurate confirmation, processing, netting, documentation, and valuation of swaps. Accordingly, you are proposing rules that would impose certain standards on SDs and MSPs regarding the confirmation of swap transactions and the reconciliation and compression of swap portfolios.

The CFTC's objective with the proposed rulemaking is that "...parties have full written agreement on all terms as soon as practicable after execution and also upon any ownership event during the life of the swap". In my judgement the proposed rulemaking meets this main objective.

The proposed rulemaking should increase transparency, promote market integrity and reduce risk by:

- establishing procedures that will promote legal certainty concerning swap transactions
- assisting with the early resolution of valuation disputes

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

- effecting the timely and accurate netting and valuation of swaps
- reducing operational risk
- increasing operational efficiency.

I particularly support the proposed reconciliation requirements, which require SDs and MSPs to carry out portfolio reconciliation for their institutional swaps. I support that such reconciliation could be performed on a bilateral basis or by a qualified third party. I also support the principle that the frequency of reconciliation is tailored to the materiality and size of the swap portfolio.

Finally it is clear that SDs and MSPs will be able to comply with each of the proposed rules by executing a swap on a swap execution facility, a designated contract market or by clearing the swap through a derivatives clearing organization. Whether intentional or not, I would support the greater use of these facilities by SDs and MSPs.

Yours sincerely

Chris Barnard