BB&T Capital Markets

February 3, 2011

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington DC 20581

Re. Comments regarding Definitions under Proposed Rule 17 CFR Part 1 Securities and Exchange Commission 17 CFR Part 240 Further Definition of "Swap Dealer," "Security-Based Swap Dealer," "Major Swap Participant," "Major Security-Based Swap Participant" and "Eligible Contract Participant"

Dear Mr. Stawick:

I am the Group Manager for Client Derivatives at Branch Banking and Trust Company ("BB&T") and have been working in the industry for over 12 years. I would like to submit the following comments, suggestions and clarifications:

Eligible Contract Participant

Background

Under current law, a client can qualify to enter into an enforceable swap transaction by either (a) meeting the statutory definition of an Eligible Contract Participant (ECP) or (b) qualifying for a safe-harbor provision known as the Line of Business Exemption (engaging in the swap in connection with a line of business) per the CFTC's 1989 Policy Statement. Because many swaps are entered into with pass-through entities such as LLC's and S-Corporations that typically maintain less than $1 million in equity, but are nonetheless formed as part of the client's business, a large portion of regional banks swap transactions with such clients are entered into under the Line of Business Exemption.

Section 723 of Dodd-Frank explicitly requires that all bilateral swaps (as opposed to those entered into on an exchange) must be between ECP's, effectively repealing the Line of Business Exemption and therefore precluding regional banks from entering into legitimate hedging transactions on behalf of their clients. Not including the Line of Business Exemption within the ECP will disadvantage a large portion of BB&T's and other regional bank's commercial borrowers as their banks would not be able to enter into enforceable swaps with such customers who fail to qualify as an ECP.

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Request

Expand the definition of ECP to include the CFTC's 1989 Policy Statement creating the Line of Business Exemption or exempt swaps relying on the Policy Statement from the exchange trading requirement.

Swap Dealer IDI Exemption

Background

The proposed Insured Depository Institution ("IDI") exemption from the Swap Dealer classification is restricted to swaps provided to borrowers in conjunction with originating commercial loans where the swap is closed contemporaneously with the loan.

We believe that the term "loan" covers all types of loans under this asset class, including commercial loans, Bank Qualified tax exempt loans, participations and private placement bonds credit enhanced by financial institutions. To the extent the Commission disagrees it should further solicit comments prior to any final rulemaking.

The interest rate swap is the primary tool for regional banks such as BB&T to provide long term fixed rates to their commercial loan borrowers who are requesting to hedge interest rate risk. Swap structures are provided in conjunction with the origination of a new loan. However, the actual closing of the swap can vary from the loan closing date for a variety of reasons:

1) Swap closes before the loan
   - Borrower is worried rates will increase and wants to lock in a rate in advance of the loan closing.
   - Bank would retain the right to terminate swap if the loan does not close.
2) Swap closes after the loan
   - Borrower may not like market rates at closing and may want to wait and watch rates before locking in a rate. If the borrower has arranged a 10-year loan, there could be a period of 1-3 years before any swap is transacted.

If this customization flexibility were removed from regional banks like BB&T, then regional banks who would otherwise not be required to register as a swap dealer would be significantly less competitive than "Dealer" banks. Essentially, these banks would no longer be able to customize swap transactions to fill their clients' needs, and would be forced to either register as a dealer or otherwise refer their swap business to a competitor, if such competitor were willing to do the transaction at all. In addition to being locked into a single product – swap at origination and no others, such banks would be unable to offer any existing borrowers who wanted to hedge their exposure after the loan closed or even upon the occurrence of any refinancing.. Again, the anti-competitive effect is to force the smaller banks to refer their business to a larger "Dealer" who would have the flexibility to accommodate the borrowers request.

Request

If the Commission wishes to put controls over how banks use the exemption, there are basic business controls which can be effective without having the competitive repercussions of requiring closing to be contemporaneous with the loan.

1) Bank must have a loan to the entity entering the hedge

2) Loan amount must be equal to or greater than the hedge amount.

    - Borrowers do not always want to fix the whole amount in order to leave some prepayment flexibility which can be lost with a fixed rate.

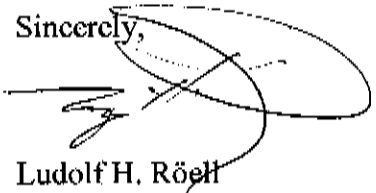
3) Hedge term must be equal to or shorter than the loan maturity.
    - Borrower often does not want to hedge for the full term of the loan.

4) Hedged Index and payment dates must match those of the loan.

The controls outlined above would ensure that only banks using hedges in conjunction with origination of their commercial loans can claim the IDI exemption.

Thank you for your consideration of this request. Should you have any questions, please do not hesitate to call me at 205-705-1464.

Sincerely,



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