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

Comments submitted via agency website

February 18, 2011

Dear Mr. Stawick,
Re: RIN 3038-AD25
Business Conduct Standards for Swap Dealers and Major Swap Participants With Counterparties

We are writing on behalf of Russell Investments to offer comment on the proposed rules governing the conduct of swap dealers and major swap participants.

Russell provides strategic advice, state-of-the-art performance benchmarks and a range of institutional-quality investment products to U.S. and international clients including individual, institutional and advisor clients in more than 45 countries. Russell has more than \$155 billion in assets under management as of December 31, 2010; Russell Indexes have \$3.9 trillion in assets benchmarked to them as of December 31, 2009; Russell advises on \$2 trillion as of December 31, 2010.

Russell acts as an agent for a number of institutional clients who have entered into swap agreements, ranging from interest rate swaptions to equity index total return swaps. The goal of these swaps runs the spectrum from achieving better asset liability management to cheaper synthetic access to certain equity markets. Swaps play a valuable role for these clients, enabling them to manage certain exposures more effectively.

Business conduct rules as written could adversely impact market access, liquidity and efficiency for pension plans. There are many aspects of the Specified Entity proposal that are so wide as to create a very low bar for tripping the "best interests" standard. For example, under proposed rules § 23.440 and § 23.450 a Swap Dealer would be forced to undertake an inherently subjective evaluation of whether or not it is acting as an advisor to a Specified Entity. In this case, if a Specified Entity requested a term sheet from a Swap Dealer counterparty for an emerging market debt index swap, for which only that Swap Dealer counterparty was an index provider, that Swap Dealer would decline the request because it would be considered an advisor under the proposed rules. Alternatively those same rules could also create an incentive for counterparties to avoid dealing with pension plans altogether. Anything that limits the tools pension plans have available to better manage their portfolios is an undesired and, we assume, unintended outcome.

While there are obvious benefits in aligning an agent's incentives with the end investor, the application of such a standard to a trading counterparty makes less sense. It is the nature of a counterparty relationship that presents a conflict of interest on price. Duties of honesty, transparency and fair business practice should be required, but the business conduct standards as proposed go far beyond this and seem to us to be inconsistent with the very nature of the counterparty role. Agents protect clients on pricing; counterparties cannot.

We believe that the contractual representations that are currently required of plans, their delegated agents and counterparties in the current environment provide suitable protections. We believe that the proposed business conduct standards do not serve investors' interests or add to existing safeguards. They need to be fundamentally reconsidered.

Thank you for your consideration of these comments. Should you require clarification, or if there is any other way in which Russell can help as you consider these matters, please contact us at 206 505 2359.

Sincerely,

Michael Thomas, Chief Investment Officer
James Imhof, Managing Director, Global Trading