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February 8, 2011

Columbia State Bank
719 Second Avenue, Suite 500
Seattle, WA 98104

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

RE: Definition of Eligible Contract Participant

Dear Mr. Stawick:

We are writing to express our concern over the definition of Eligible Contract Participant as proposed in RIN 3038-AD06. It is our concern that unless this definition is expanded, many of our business borrowers will lose access to interest rate swaps and the associated benefits that these products provide.

Columbia State Bank is a \$4 Billion commercial bank serving primarily small and mid-sized business customers throughout Washington and Oregon. Since 2007 we have been entering into interest rate swaps with our business customers to allow them to obtain attractive long-term, fixed rate financing while protecting the bank against unnecessary interest rate risk.

Under our program, Columbia Bank provides a floating rate loan in combination with an interest rate swap that gives the borrower an effective long-term fixed rate. This customer swap is then immediately hedged with an identical swap with a dealer counterparty, thus eliminating the interest rate risk to Columbia.

We generally limit participation in our swap program to corporate entities borrowing over \$1 Million and exhibiting a sufficient level of financial sophistication; however, because many of our borrowers are structured as Limited Liability Companies or Subchapter-S Corporations, they purposefully maintain less than \$1 Million in equity at the entity level. Ironically, although the entity does not meet the statutory definition of an Eligible Contract Participant, the borrower would meet the definition if structured as a sole proprietorship.

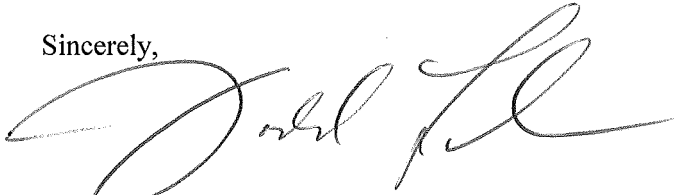
For those customers who fail to meet the ECP definition, we have relied on the Line of Business Exemption under the Commission's 1989 Swap Policy Statement to qualify these borrowers as swap counterparties. **To date, over 65% of our customers that have entered into swap transactions have been structured as LLC's or S-Corporations and we have relied on the 1989 Policy Statement safe-harbor for nearly all of them.**

It is our understanding that the Line of Business Exemption will be preempted once the provisions of the Dodd-Frank Act take effect. If this is the case, we will no longer be able to offer the swap product to most of our commercial borrowers.

Unfortunately, without the swap product, Columbia Bank will be forced to either reduce the terms of the fixed rates we offer or substantially increase these rates to compensate for the increased risk associated with fixed rate lending. Neither option is beneficial for our small and mid-sized business customers who will lose access to the favorable long-term rates they have previously enjoyed.

For these reasons, Columbia Bank respectfully requests that the Commission amend the definition of Eligible Contract Participant to include those entities that previously qualified under the 1989 Swap Policy Statement.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Leber". The signature is fluid and cursive, with a large initial "T" and "L".

Todd Leber
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Commercial Banking Manager
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