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

Re: RIN 3038 – AC96 Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants; Orderly Liquidation Termination Provision for Swap Trading Relationship Documentation for Swap Dealers and Major Swap Participants.

Dear Mr. Stawick:

MetLife welcomes the opportunity to comment on the proposed regulations regarding Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants; and the Orderly Liquidation Termination Provision for Swap Trading Relationship Documentation for Swap Dealers and Major Swap Participants (the “Proposed Rules”), issued by the Commodity Futures Trading Commission (“the Commission”) in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”).

MetLife, Inc. is the holding company of the MetLife family of insurance companies. The MetLife organization is a leading provider of insurance, annuities and employee benefit programs, serving 90 million customers in over 60 countries. MetLife holds leading market positions in the United States (where it is the largest life insurer based on insurance in force), Japan, Latin America, Asia Pacific, Europe and the Middle East. MetLife, Inc. is a public company, registered under the Securities Act of 1934 and has securities listed on the New York Stock Exchange.

MetLife is providing this comment letter from the perspective of an active end-user of financial derivatives which relies on these instruments to hedge the risk associated with its investment portfolio and insurance product liabilities. MetLife’s continued ability to manage financial risks through the use of derivative hedges is an essential component of our risk management framework that allows us to offer a broad range of insurance products to our customers.

MetLife appreciates the substantial effort and consideration that the staff of the Commission has dedicated to developing the Proposed Rules. MetLife recognizes the public policy rational behind the Proposed Rules and supports the goals of legal certainty associated with a thorough memorialization of derivatives transactions, the mutual agreement of the parties in the ongoing valuation and maintenance of outstanding swap positions, and a broad management oversight of swap documentation policies and procedures. MetLife, however, believes that some Proposed Rules are either ambiguous or overbroad and should be amended as described herein.

Swap Trading Relationship Documentation - Section 23.504.

Proposed Rule 23.504 (the “Documentation Rule”) would require that each Swap Dealer (“SD”) and Major Swap Participant (“MSD”), must; (i) establish, maintain and enforce written policies and procedures, approved in writing by senior management, which are reasonably designed to ensure that any swap transaction, which is not cleared through a registered derivatives clearing organization (a “DCO”), conforms with the provisions of Section 23.504, (ii) ensure that such swap transaction is memorialized in writing and contain *all* terms governing the trading relationship including, (a) trading confirmations of individual swap transactions under Section 23.501, (b) credit support arrangements, (c) agreed upon methodologies for the valuation of all applicable swap transactions and (d) records of swap transactions accepted for clearing by a DCO.

MetLife respectfully suggests that the Commission clarify the differences between “trading relationship documentation” and “transactional documentation.” Attempting to capture in writing “*all*” terms governing a trading relationship among an SD, MSP and its trading counterparties is overbroad because it covers every transaction and supporting document executed between two parties. Trading relationship documentation should be limited to any master agreement, credit support arrangement and master confirmation agreement executed among an SD, MSP and their trading counterparties, (“Trading Relationship Documentation”). Transactional documentation would include all confirmations memorializing individual transactions, including any valuation methodologies applied to specific transactions that supersede the Trading Relationship Documentation, and any other terms agreed upon specific to individual swap transactions among an SD, MSP and their trading counterparties (“Transactional Documentation”). Differentiating between the two classes of documentation will provide clarity in meeting the proposed Policies and Procedures requirement set forth in Section 23.504(a), and the proposed Audit Requirements set forth in Section 23.504(c) by defining the scope of the documentation required there under.

MetLife agrees with the Commission that resolution of valuation discrepancies in respect of non-DCO cleared swap transactions is an essential element in mitigating systemic risk in the derivatives marketplace. We further agree with the Commission that valuation methodologies should be agreed upon and memorialized in either the Transaction Relationship Documentation or specific confirmation between an SD, MSP and their trading counterparties. However, MetLife does not believe that simply agreeing to valuation methodologies and/or pricing sources will eliminate all instances of valuation disputes. Further, MetLife suggests that SDs, MSPs and their trading counterparties retain the flexibility to agree upon such methodologies and that the Commission refrain from requiring specific valuation methodologies for non-cleared swaps. MetLife believes that the Commission must provide and enforce strict timelines for the reporting and resolution of valuation disputes between SD’s, MSP’s and their trading counterparties. However, considering the complexity of non-cleared, bespoke swap transactions, MetLife believes that the reporting timeframes for valuation disputes set forth in Section 23.504(e) are insufficient to allow the parties to the swap transaction to reasonably resolve any dispute. MetLife believes that reporting of disputed valuations should be subject to certain percentage thresholds. Accordingly, we respectfully suggest that the reporting of swap transaction valuation disputes between SD’s, MSP’s and their counterparties should be limited to discrepancies that exceed 10% of the calculated

valuation for a particular swap transaction. MetLife proposes that the Commission extend the dispute resolution period from one (1) business day to at least three (3) business days in respect of swap transactions between SD's and MSP's. In addition to and in conjunction with, the aforementioned reporting requirements, the Commission must impose mandatory dispute resolution guidelines, which includes a determination by a disinterested third party arbiter or industry association.

Orderly Liquidation Termination Provision in Swap Trading Relationship Documentation - Section 23.502(b) (5).

Section 23.504(b)(5) of the Proposed Rules would require that any swap trading relationship documentation executed with either an SD or MSP would require the inclusion of a provision setting forth the restrictions that would apply to the termination of a qualified financial contract ("QFC") in the event that one of the parties to a swap transaction is subject to FDIC receivership under Title II of the Dodd-Frank Act. This Section 23.504(b)(5) also requires the inclusion of a consent provision which would allow the FDIC to transfer QFC's from the party subject to such FDIC receivership to a third party, which at the time of the consent, is unknown to the remaining party (the "Remaining Party"). MetLife objects to the inclusion of this provision since it potentially forecloses any right of the Remaining Party to a swap transaction to appeal or dispute the actions of the FDIC in connection with its appointment as receiver. Further, blanket consent could potentially place the Remaining Party in a position where they would assume excessive or unwanted credit exposure to a trading counterparty as a result of the FDIC transfer. Finally, such blanket consent could place the Remaining Counterparty outside of compliance with state regulatory requirements that impose credit rating and other criteria of all trading counterparties. Accordingly, MetLife suggests to the commission that it remove Section 23.502(b) (5) of the Proposed Rules or modify such provision to allow the non-defaulting party to reasonably reject any proposed replacement swap counterparty.

MetLife is pleased to be able to continue to participate through the comment process in the framing of this critical new regulatory framework. Please feel free to contact me at my email address above if you have any questions regarding this comment letter.

Respectfully,



Kevin M. Budd