Futures Industry Association
2001 Pennsylvania Ave. NW
Suite 600
Washington, DC 20006-1823

202.466.5460
202.296.3184 fax
www.futuresindustry.org

By Commission Website

April 7, 2011

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

Re: RIN 3038-AC98: Risk Management Requirements for Derivatives Clearing Organizations, 76 Fed.Reg. 3698 (January 20, 2011)

RIN 3038–AD01 Governance Requirements for Derivatives Clearing Organizations, Designated Contract Markets, and Swap Execution Facilities; Additional Requirements Regarding the Mitigation of Conflicts of Interest 76 Fed.Reg 722 (January 6, 2011)

Dear Mr. Stawick:

The Futures Industry Association ("FIA")[1] is pleased to submit this letter in response to the Commodity Futures Trading Commission's ("Commission's") notice of proposed rulemaking establishing risk management requirements for derivatives clearing organizations ("DCOs"). The proposed rules would set regulatory standards that DCOs would be required to meet in order to comply with Core Principles C (Participant and Product Eligibility), D (Risk Management), E (Settlement Procedures), F (Treatment of Funds), G (Default Rules and Procedures), and I (System Safeguards). FIA believes the Commission has properly identified many of the responsibilities that DCOs and clearing members must undertake in order to manage the risks of clearing swaps. However, as explained below, the proposed rules are too prescriptive in certain instances and, in others, the rules are not fulsome enough.

The letter also comments on one aspect of the Commission's proposed rules on governance requirements for DCOs, designated contract markets ("DCMs") and swap execution facilities ("SEFs").

---

[1] FIA is a principal spokesman for the commodity futures and options industry. FIA's regular membership is comprised of approximately 30 of the largest futures commission merchants ("FCMs") in the United States. Among FIA's associate members are representatives from virtually all other segments of the futures industry, both national and international. Reflecting the scope and diversity of its membership, FIA estimates that its members effect more than eighty percent of all customer transactions executed on United States contract markets.

RISK MANAGEMENT REQUIREMENTS FOR DCOS

FIA recognizes that the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") amends the Commodity Exchange Act ("Act") to authorize the Commission to exercise greater regulatory authority over the futures industry, including DCOs. In particular, Congress authorized the Commission to adopt rules prescribing the manner in which DCOs must comply with the core principles in section 5b(c)(2) of the Act. Nonetheless, as we noted in our comment letter on core principles for designated contract markets and other requirements, we do not believe that Congress intended that the Commission substitute its judgment for the judgment of the respective DCOs without a substantial basis for doing so.[2] Section 5b(c)(2)(A)(ii) continues to provide that a DCO "shall have reasonable discretion in establishing the manner in which [it] complies with each core principle described in this paragraph."

The derivatives markets are not static; they are constantly evolving. Moreover, the market for cleared swaps is in its initial stages of development. Yet, several provisions of the proposed rules are designed to force swaps to trade and clear more like futures. Other rules codify present market practices. As a result, any changes to current market practices will require the Commission first to amend its rules.

This was not what Congress intended when it enacted the Commodity Futures Modernization Act of 2000 and replaced the overly prescriptive regulatory structure that previously had so restricted the conduct of DCOs with the core principles. To the contrary, its intent was "to promote responsible innovation and fair competition among boards of trade, other markets and market participants."[3] Although the Dodd-Frank Act substantially revised the Act, it did not change this critical purpose underlying the core principles for DCOs and DCMs.

Moreover, we are concerned that, by establishing floors, in particular with respect to margin parameter requirements, a DCO could be less likely to engage in the sort of robust stress testing and default management planning that are essential in assuring that the DCO properly takes into account the different characteristics of particular products.

If the derivatives markets are to continue to evolve, DCOs must be able to develop and respond to new products, technologies and risk management strategies without having to wait for the Commission to amend its rules. We, therefore, urge the Commission to withdraw its prescriptive rules and continue to offer guidance to DCOs with respect to the several core principles, thereby providing a safe harbor, while affording DCOs the freedom to meet the core principles in different ways without first having to petition the Commission to amend the Commission's rules.

---

[2] Letter from John M. Damgard, President, Futures Industry Association, to David A. Stawick, Secretary to the Commission, dated March 3, 2011. Core Principles and Other Requirements for Designated Contract Markets, 75 Fed.Reg. 80572 (December 22, 2010).

[3] Act, § 3(b). Other purposes of the Act set out in section 3(b) include: to deter and prevent price manipulation or any other disruptions to market integrity; to ensure the financial integrity of all transactions subject to this Act and the avoidance of systemic risk; to protect all market participants from fraudulent or other abusive sales practices and misuses of customer assets.

Our comments below are subject to this overarching comment.

CORE PRINCIPLE C (PARTICIPANT AND PRODUCT ELIGIBILITY)

Proposed Rule 39.12(a): Participant Eligibility

Fair and open access. In the Federal Register release accompanying the proposed rules, the Commission recognizes the potential contradiction between the requirements in section 5b(c)(2)(C) of the Act that DCOs "permit fair and open access," while assuring that clearing members have "sufficient financial resources and operational capacity to meet the obligations arising from participation in the [DCO]."[4] Proposed Rule 39.12(a) is designed to strike an appropriate balance between these potentially competing interests.

In order to assure fair and open access, proposed Rule 39.12(a)(1)(i) establishes as a guiding principle that a DCO may not adopt a particular clearing membership requirement, if less restrictive requirements "would not materially increase risk to the [DCO] or clearing members." More specifically, the Commission has proposed that a DCO may not require that a swaps clearing member: (i) be a swap dealer; (ii) maintain a swap portfolio of a certain size; or (iii) meet a swap transaction volume threshold.[5] In addition, a DCO may not establish a minimum capital requirement for a swaps clearing member that is more than $50 million, although the capital requirements may be scalable to be proportional to the risks posed by a particular clearing member.

Subject to (i) our general comment above endorsing principles-based rules in lieu of prescriptive regulations, and (ii) our comments below with respect to the Commission's proposed rules regarding operational capability and risk management, FIA does not oppose the proposed rules limiting the requirements that a DCO may impose on clearing members. We note, however, that an important consequence of the proposed open access requirements is that DCOs and their clearing members will have to develop and implement more sophisticated risk management systems. FIA supports such a result, but recognizes that building this risk management infrastructure will take time and have significant costs.

Financial Resources. Care must be taken in establishing minimum capital requirements for swaps clearing members to ensure systemic risk is not inadvertently increased. Regardless of any rules restricting the capital requirements that a clearing organization may impose on clearing members, FIA agrees with the Commission that a DCO's capital requirements must be scalable such that they are proportional to the risks assumed by the clearing member "in extreme but plausible market conditions."[6] In conducting the analysis necessary to set capital requirements for a clearing member proportional to the risks the member assumes, a DCO should take into account a clearing member's risk-derived exposures and its potential assessment obligations at

---

4 76 Fed.Reg. 3698, 3701 (January 20, 2011).

5 Proposed Rule 39.12(a)(1)(iv) and (v).

6 Proposed Rule 39.12(a)(2)(i). In addition, a clearing organization should not permit capital requirements to be met by a credit facility funding arrangement, unless the clearing organization has the same right to monitor the institution providing the credit facility as it has to monitor clearing members.

each clearing organization of which it is a member. A DCO should allow an FCM to clear positions in proportion to its capital net of those other risk-derived exposures and assessment obligations.[7]

Operational requirements. Proposed Rule 39.12(a)(3) properly identifies the operational capabilities that all clearing members should be required to meet, *i.e.*: the ability to process expected volumes and values of transactions cleared by a clearing member within required time frames, including at peak times and on peak days; the ability to fulfill collateral, payment, and delivery obligations imposed by the derivatives clearing organization; and the ability to participate in default management activities under the rules of the DCO and proposed Rule 39.16.[8] FIA supports this proposed rule.

FIA notes that, although proposed Rule 39.13(h) requires each DCO to adopt rules requiring its clearing members, in turn, to maintain current risk management policies and procedures, proposed Rule 39.12(a) does not specifically provide that a DCO may require as a condition of membership that an applicant demonstrate that it has the ability to monitor and manage the risks that the applicant and its customers may incur in clearing transactions through the DCO. FIA believes clearing member applicants should be required to demonstrate that they have appropriate management systems in place that, at a minimum, permit the clearing member to monitor risk on a real-time or near-real-time basis. Dedicated personnel should monitor exposure to customer risk against established credit limits, which limits should be subject to periodic review. Risk personnel should report to a senior manager who is independent of the business side of the member, whenever practicable.

---

[7] In its comment letter, Newedge USA, LLC ("Newedge") states that a DCO may mitigate the risks of a clearing member's lower capital through the use of other risk management tools including but not limited to position limits and stricter margin requirements. As discussed below, FIA supports rules requiring a DCO to implement appropriate risk management mechanisms to limit its exposure to potential losses from defaults by its clearing members to ensure that: (i) the operations of the DCO would not be disrupted; and (ii) non-defaulting clearing members would not be exposed to losses that non-defaulting clearing members cannot anticipate or control. However, these mechanisms are not a substitute for the capital to which a clearing member should have access "in extreme but plausible market conditions."

[8] Proposed Rule 39.16 requires a DCO to adopt procedures that would permit the DCO to take timely action to contain losses and liquidity pressures and to continue meeting its obligations in the event of a default on the obligations of a clearing member to the DCO. Among other actions, the Commission has proposed that the DCO's rules address: (i) the DCO's definition of a default; (ii) the actions that the DCO may take upon a default, which should include the prompt transfer, liquidation, or hedging of the customer or proprietary positions of the defaulting clearing member, as applicable, and which may include, in the discretion of the derivatives clearing organization, the auctioning or allocation of such positions to other clearing members; (iii) any obligations that the DCO imposes on its clearing members to participate in auctions, or to accept allocations, of a defaulting clearing member's positions, provided that any allocation shall be proportional to the size of the participating or accepting clearing member's positions at the DCO; and (iv) the sequence in which the funds and assets of the defaulting clearing member and the financial resources maintained by the DCO would be applied in the event of a default.

In adopting final rules, we encourage the Commission to add appropriate risk management requirements as a participant eligibility criterion. In the alternative, the Commission should make clear that nothing in the proposed rules is intended to prevent DCOs from adopting such requirements.

Proposed Rule 39.12(b)(3): Product Eligibility

The Commission has proposed that a DCO be required to select contract unit sizes that "maximize liquidity, open access and risk management." Such contract unit sizes may be "smaller than the contract units in which trades submitted for clearing are executed."[9] In its more recently proposed rules establishing requirements for processing, clearing and transfer of customer positions, the Commission has gone farther and has proposed that a DCO must adopt rules to establish templates for the terms and conditions of swaps that it will clear.[10]

FIA opposes the proposed rules. Swaps trade without a smallest notional size, and their size can be arbitrary. Although swap contracts may evolve in such a way that it would be appropriate for a DCO (or perhaps, more appropriately, a designated contract market or swap execution facility on which the swap is traded) to establish templates regarding the terms and conditions of standardized swaps eligible for clearing, we do not believe the market is at that point. Although such templates are appropriate for exchange-traded futures, there are significant differences between swaps and futures, and the Commission should not force futures conventions on swaps. Requiring swaps to fit within artificial, prescribed templates would be disruptive to the market and would not benefit customers.

Nonetheless, FIA would support a requirement that DCOs study this matter and submit a report to the Commission on the feasibility of establishing templates regarding the terms and conditions of standardized swaps as soon as practicable.

Novation. The Commission has further proposed that a DCO adopt rules providing that, upon acceptance of a swap by the DCO for clearing: (i) the original swap is extinguished, and (ii) the original swap is replaced by equal and opposite swaps between the DCO and the clearing members.[11] As drafted, the rule appears to provide that a clearing member would be deemed to be a principal with respect to each swap it clears, even those swaps cleared on behalf of customers. This position conflicts with the FCMs' position that, with respect to customer positions, FCMs are acting as agent, and not as principal, for customers in executing and clearing swaps (and futures) on behalf of customers. The rule also conflicts with the relevant provisions of the Chicago Mercantile Exchange and LCH.Clearnet Ltd.[12]

---

9 Proposed Rule 39.12(b)(3).

10 76 Fed.Reg. 13101 (March 10, 2011).

11 Proposed Rule 39.12(b)(4).

12 Chicago Mercantile Exchange Rule 8G05; LCH.Clearnet Ltd. FCM Regulation 5(d).

As the Commission may be aware, FIA representatives discussed their concerns with respect to this proposed rule with members of the Commission staff. Staff advised that they believed it was not the Commission's intent that clearing members be deemed to be principals *vis-a-vis* the DCO with respect to swaps cleared on behalf of customers, but encouraged a comment on this point. FIA, therefore, requests that the proposed rule be revised to confirm that, in clearing swaps on behalf of customers, a clearing member shall be deemed a guarantor and agent of a cleared swap and not a principal.

CORE PRINCIPLE D (RISK MANAGEMENT)

Proposed Rule 39.13: Risk Management

Limitation of exposure to potential losses. The proposed rules would require that a DCO, through margin requirements and other risk control mechanisms, limit its exposure to potential losses from defaults by its clearing members to ensure that: (i) the operations of the DCO would not be disrupted; and (ii) non-defaulting clearing members would not be exposed to losses that non-defaulting clearing members cannot anticipate or control.[13] FIA supports this rule, in particular, the proposed requirement that non-defaulting clearing members not be exposed to losses they cannot anticipate or control. Clearing members understand and accept that they are subject to losses in the event of a default of another clearing member. However, to manage positions effectively, these potential losses must be measurable and subject to a reasonable cap over a period of simultaneous or multiple defaults.

Margin methodology. The Commission has proposed that a DCO use models to generate initial margin requirements that will be sufficient to cover the DCO's potential future exposures to clearing members based on price movements in the interval between the last collection of variation margin and the time within which the derivatives clearing organization estimates that it would be able to liquidate a defaulting clearing member's positions (liquidation time).[14] FIA supports this provision of the proposed rule and, further, recommends that each model and parameter used in setting such margin requirements be risk-based and reviewed on a regular basis, *e.g.*, at least monthly for parameters and annually for models and on an *ad hoc* basis if substantive changes are made. Moreover, models should be required to be validated by an independent third party with expertise in risk and the product being cleared.

---

13 Proposed Rule 39.13(f).

14 Proposed Rule 39.13(g). The commission requested comment on whether initial margin requirements should be back tested quarterly or on a more frequent basis. FIA believes initial margin should be back tested monthly.

We are concerned, however, with the *proviso* to this rule, which would require a DCO to use a liquidation time that is a minimum of five business days for cleared swaps that are not executed on a designated contract market, whether the swaps are carried in a customer account subject to section 4d(a) or 4d(f) of the Act, or carried in a house account, and a liquidation time that is a minimum of one business day for all other products that it clears, and use longer liquidation times, if appropriate, based on the unique characteristics of particular products or portfolios.[15]

The proviso properly notes that the unique characteristics of particular products and portfolios may require a DCO to use a different liquidation period. The setting of an artificial minimum time frame unrelated to such unique characteristics adds nothing to the DCOs risk management plan, but may inadvertently remove the incentive for DCOs to detail, practice and leverage member expertise in default management. It also sets a minimum liquidation period that, over time, may prove to be excessive.

In addition to the models referenced above, appropriate margin requirements should be based on the DCO's careful analysis of the length of time it would be expected to liquidate a defaulting clearing member's portfolio in accordance with the DCO's written default management plan. This plan should be subject to frequent, periodic testing. If these exercises are able to demonstrate convincingly to the Commission and the DCO's members that a defaulting clearing member's positions could be resolved in a shorter period of time, minimum margin requirements should be adjusted accordingly.

Liquidation times should be set to manage the liquidation of the vast majority of the portfolios carried by the DCOs clearing members, not necessarily the largest clearing member. In this regard, therefore, when, based on objective criteria, the risk of carrying certain portfolios cleared by a clearing member exceeds the liquidation time underlying the default management plan prudent risk management should require the imposition of concentration margin in appropriate circumstances.[16]

Confidence level. The Commission has further proposed that the actual coverage of the initial margin requirements should meet an established confidence level of at least 99 percent, based on data from an appropriate historic time period.[17] We oppose the proposed rule in part for the same reasons that we opposed the minimum liquidation provisions of proposed Rule 39.13(g)(2)(ii); it sets an artificial floor that may remove the incentive for DCOs to conduct the rigorous analysis necessary to establish an appropriate confidence level.

---

15 Proposed Rule 39.13(g)(2)(ii).

16 When a DCO imposes concentration margin on a clearing member, such additional margin should be included in the DCO minimum margin calculations for any customers of such clearing member that generate the increased risk.

17 Proposed Rule 39.13(g)(2)(iii).

Further, the rule assumes loss mutualization under the current scheme for the protection of customer funds. If a different regulatory scheme for cleared swaps is adopted, a much higher level of confidence may be required.

Customer margin requirements. The Commission has proposed that DCOs collect initial margin "on a gross basis for each clearing member's customer account equal to the sum of the initial margin amounts that would be required by the DCO for each individual customer within that account if each individual customer were a clearing member."[18] As the Commission is aware, DCOs currently do not receive position-level information for each customer. If DCOs are to collect such detailed information, DCOs and their clearing members will be required to modify their recordkeeping and reporting systems significantly. Such modifications will be expensive and will take time. Moreover, clearing members do not generally have information on the underlying customers in customer omnibus accounts carried on behalf of non-clearing member FCMs and foreign brokers. As FIA has previously cautioned the Commission, any requirement that clearing member FCMs know and report to the relevant clearing organization the identity of each customer that comprises an omnibus account and their respective positions will disrupt, if not destroy, the regulatory and operational synergies among market participants that have developed over decades and are essential to the efficient operation of the markets.[19]

The Commission has further proposed that a DCO require clearing members to collect customer initial margin for non-hedge positions at a level that is greater than 100 percent of the DCOs initial margin requirements with respect to each product and swap portfolio.[20] FIA opposes the proposed rule. The amount of excess margin, if any, that an FCM may require from its customers is a credit decision that should be made by each FCM based on its analysis of the creditworthiness of the particular customer. This analysis should include the nature of the customer's trading activity and its record of meeting margin calls.

---

[18] Proposed Rule 39.13(g)(8).

[19] Letter from John M. Damgard, President, Futures Industry Association, to Davis A. Stawick, Secretary to the Commission, dated December 23, 2010. Account Ownership and Control Report, 75 Fed.Reg. 41775 (July 19, 2010).

For these same reasons, FIA is concerned by the proposed requirement that DCOs report to the Commission daily the gross positions of each beneficial owner of accounts within the customer origin. FCMs currently collect only limited information on beneficial owners of certain customers, *e.g.*, hedge funds, commodity pools. Proposed Rule 39.19(c)(1)(iv), as reproposed by Federal Register release dated March 24, 2011, 76 Fed.Reg. 16587.

[20] We note that in its proposed rules establishing position limits for derivatives, the Commission has proposed a more narrow definition of bona fide hedge transactions that would not apply to "excluded commodities." 76 Fed.Reg. 4752 (January 26, 2011). If the Commission determines to adopt Rule 39.13(g)(8) as proposed, the Commission should make clear which positions would be deemed "non-hedge."

Risk limits. The proposed rules would also authorize a DCO to impose risk limits on each clearing member to prevent the clearing member from carrying positions for which the risk exceeds a specified threshold relative to the clearing member's financial resources.[21] In this regard, the proposed rules provide that the DCO would have reasonable discretion in determining the applicable financial resources under this provision. The rule further provides that "the ratio of exposure to capital must remain the same across all capital levels." FIA generally agrees with this statement. However, the rules should make clear that, in computing the ratio of exposure to capital, capital should be calculated net of all potential obligations to cover other clearing arrangements and risk exposures, as discussed above.

Large trader reports; stress tests. FIA supports the proposed rules that would require DCOs to obtain copies of all large trader reports that are filed with the Commission and to conduct stress tests daily with respect to such traders' positions.[22] FIA also supports the proposed rule requiring DCOs to conduct at least weekly stress tests on each clearing member, but recommends that such tests be conducted daily.[23]

Clearing members' risk management policies and procedures. Proposed Rule 39.13(h)(5) would require a DCO to adopt rules that require its members to maintain current risk management policies and procedures. DCOs would be required to review such risk management policies and procedures on a periodic basis and document such practices. FIA supports the proposed rule, but believes the rule should go farther. Clearing members should be required not only to have appropriate policies and procedures in place, DCOs should also assure that clearing members have adequate staff and systems to monitor customer risk on a real-time or near-real time basis and otherwise enforce their policies and procedures. Clearing members should be required routinely to test their risk management procedures under theoretical stress scenarios and all clearing members should be subject to on-site audits at least annually.

CORE PRINCIPLE E (SETTLEMENT PROCEDURES)

Proposed Rule 39.14: Settlement Procedures

Definitions. The Commission has proposed to define the term "settlement" to include: (i) payment and receipt of variation margin for futures, options, and swap positions; (ii) payment and receipt of option premiums; (iii) deposit and withdrawal of initial margin for futures, options, and swap positions; (iv) all payments due in final settlement of futures, options, and swap positions on the final settlement date with respect to such positions; and (v) all other cash flows collected from or paid to each clearing member, including but not limited to, payments related to swaps such as coupon amounts.[24]

---

21 Proposed Rule 39.13(h)(1).

22 Proposed Rule 39.13(h)(2) and (3).

23 Proposed Rule 39.13(h)(3).

24 Proposed Rule 39.14(a).

Although we recognize that the Commission, for convenience, may have proposed to define these payments and cash flows collectively as "settlements," we note that payment of variation margin on swaps should not be viewed as "settling" the present value of the trade, and price alignment interest (PAI) would still be paid on variation margin. Moreover, the deposit and withdrawal of initial margin is not properly defined as a settlement.

Settlement finality. The Commission has proposed that DCOs assure that settlements are final when effected by requiring that settlement fund transfers are irrevocable and unconditional when the DCO's accounts are debited or credited. The rule further provides that a DCO's agreements with its settlement banks should state clearly when settlement fund transfers will occur and a DCO should routinely confirm that its settlement banks are effecting fund transfers as and when required by such agreements.[25] FIA agrees with the Commission that settlement payments generally should be irrevocable and unconditional when the DCO's accounts are debited or credited. However, the proposed rules should allow for any correction of errors.

CORE PRINCIPLE F (TREATMENT OF FUNDS)

Proposed Rule 39.15: Treatment of Funds

Holding of funds and assets. FIA generally supports the proposed Rule 39.15. However, FIA recommends that proposed Rule 39.15(d) be revised to make clear that a DCO should keep margin posted by clearing members to support proprietary positions separate from the DCO's own assets. Although proprietary funds held at a DCO are not subject to the segregation provisions of the Commodity Exchange Act, it is essential that these funds are protected in the event of the default of the DCO.

Commingling of positions. FIA is pleased that the Commission has proposed procedures by which a DCO and its clearing members may be authorized to commingle customer positions in futures and options on futures with positions in cleared swaps.[26] As the Commission is aware, FIA has long supported portfolio margining programs that properly take into account the risks associated with the positions to be commingled and any legal risks such as Bankruptcy Code considerations. We note that the Commission has indicated that it may propose a different protection program for swaps customer funds. In these circumstances, the commingling of futures and options on futures customer funds with swaps customer funds will present significant operational if not regulatory concerns.

Letters of Credit. FIA does not support the blanket prohibition on the use of letters of credit for initial margin as set out in proposed Rule 39.15(c)(1). They should be permitted on a case-by-case basis as determined by the DCO, subject to appropriate limits on the percentage of a clearing member's initial margin requirements that can be met by letters of credit. Moreover, DCOs must accept letters of credit only from highly credit-worthy banks, while limiting the aggregate value of such letters of credit that may be issued by any one bank.

---

25 Proposed Rule 39.14(d).

26 Proposed Rule 39.15(b)(2).

GOVERNANCE REQUIREMENTS FOR DERIVATIVES CLEARING ORGANIZATIONS, DESIGNATED CONTRACT MARKETS AND SWAP EXECUTION FACILITIES

Customer representation on DCO Board of Directors or Risk Management Committee. The Commission has requested comment on whether customers should be required to be represented on the DCO Board of Directors or the Risk Management Committee. FIA believes that customers are more appropriately represented on the Board of Directors. In an earlier comment letter, FIA expressed serious reservations with respect to a rule that would require a DCO to set aside a substantial portion of its Risk Management Committee for public directors and customer representatives.[27] We recognize that public directors and customer representatives can provide meaningful knowledge and insight when serving on the Board of a DCO. However, the interests of public directors and customers may not always be aligned with the interests of the clearing organization with respect to the implementation of appropriate margin and other risk management polices and procedures for which the Risk Management Committee is responsible.

Conclusion

FIA appreciates having the opportunity to comment of these proposed rules. If the Commission has any questions concerning the matters discussed in this letter, please contact Barbara Wierzynski, FIA's Executive Vice President and General Counsel, at 202.466.5460.

Sincerely,

John M. Damgard
President

cc: Honorable Gary Gensler, Chairman
Honorable Michael Dunn, Commissioner
Honorable Jill E. Sommers, Commissioner
Honorable Bart Chilton, Commissioner
Honorable Scott O'Malia, Commissioner

Division of Clearing and Intermediary Oversight
Ananda Radhakrishnan, Director
John C. Lawton, Deputy Director
Robert B. Wasserman, Associate Director
Phyllis P. Dietz, Associate Director
Julie A. Mohr, Associate Director
Jonathan Lave, Special Counsel
Anne C. Polaski, Special Counsel

---

[27] Letter from John M. Damgard, President, Futures Industry Association, to David A Stawick, Secretary to the Commission, dated November 17, 2010. Limits on Ownership or Voting Power of Derivative Clearing Organizations, Designated Contract Markets, and Swap Execution Facilities,75 Fed. Reg. 63732 (October 18, 2010).