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Commodity Futures Trading Commission
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- **17 CFR Part 23**
- **RIN Number 3038-AC96**
- **Reporting, Recordkeeping, and Daily Trading Records Requirements for Swap Dealers and Major Swap Participants**

Dear Mr. Stawick.

Thank you for giving us the opportunity to comment on your notice of proposed rulemaking: Reporting, Recordkeeping, and Daily Trading Records Requirements for Swap Dealers and Major Swap Participants.

You are proposing regulations to implement new statutory provisions established under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Section 731 of Dodd-Frank added new sections 4s(f) and (g) to the Commodity Exchange Act (CEA), which set forth reporting and recordkeeping requirements and daily trading records requirements for swap dealers (SDs) and major swap participants (MSPs). The proposed rules would establish the regulatory standards for compliance with these new sections of the CEA.

I would first comment that the proposals are very broad, detailed and far reaching, and will place a large initial implementation and compliance burden on SDs and MSPs (entities). However this is meet and just. They proposals closely follow the statutory requirements, and are a very necessary component of increasing swap market transparency and in promoting market integrity here. I also agree that the required records should extend to general business records including the minutes from meetings of the entity's governing body, organisational charts, audit documentation, certain financial records, records of complaints against personnel and marketing materials.

General records requirements

I would recommend that all records of any kind should be kept in order to permit optimal forensic examination of decision making within SDs and MSPs. In answer to your specific question, I would recommend that drafts of documents should also be kept, as the decision process leading up to a final document can be very informative.

Retention and inspection of records

§ 23.203 concerns the retention and inspection of records. I would recommend that records should be required to be kept indefinitely rather than the general five years proposed here. Original documents should be scanned after five years. There is no technological or practical reason for limiting the retention period, and it would be useful to keep this information for future analytical purposes.

Block trades and large notional swaps

§ 23.201(d)(3) requires an entity to retain a record of any determination that any swap is a block trade or large notional swap, as defined in part 43. An entity must also record the rationale for determining that such a swap entered into is a large notional swap. I am not sure how any such “determination” or “rationale” relates to the provisions of part 43 of this chapter, and I would request some further clarification here.

Summary

These proposed rules will certainly promote transparency and accountability in swap markets. I therefore support the detailed recordkeeping and reporting requirements contained therein. I would generally recommend that SDs and MSPs should be required to keep all relevant records and draft records indefinitely, rather than the general five years proposed here.

Yours sincerely

Chris Barnard