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By Electronic Mail (<http://comments.cftc.gov>)

Mr. David Stawick
Secretary
Commodities Futures Trading Commission
1155 21st Street N.W.
Washington, D.C. 20581

June 3, 2011

Re RIN Number 3038-AD18 – Notice of Proposed Rulemaking on the Core Principles and Other Requirements for Swap Execution Facilities

Dear Mr. Stawick,

Barclays Capital submitted a comment letter to the Commission on the above Proposed Rules dated March 8, 2011, which argued, among other points, that Permitted Transactions should be allowed to be executed on Single Dealer Platforms that had not registered as Swap Execution Facilities.

We appreciate the opportunity to supplement those comments pursuant to the re-opening of the comment period for the above Proposed Rules.

As currently drafted, the Proposed Rules allow Permitted Transactions to be executed “by Order Book, Request For Quote System, a Voice Based System or any other system for trading as may be permitted by the Commission”. (S 37.9 (c) 4 (c)). A Voice Based System is defined as “a trading system or platform in which a market participant executes or trades a Permitted Transaction using a telephonic line or other voiced based service”, so the definition contemplates a bilateral execution method that is not subject to the pre-trade transparency requirements to which Required Transactions are subjected. However, the current text would appear to preclude a Permitted Transaction from being executed on a Single Dealer Platform (absent express approval from the Commission) that has not registered as a Swap Execution Facility even though the Single Dealer Platform would provide for a bilateral execution environment similar to that of a Voice Based System. We understand the policy of pre-trade transparency that is behind the Proposed Rules’ prescribed execution requirements for Required Transactions, but, as set forth in the Proposed Rules, those pre-trade transparency requirements do not apply in respect of Permitted Transactions. Therefore, we believe that the final rules should allow for the ability to trade and execute Permitted Transactions not only by means of Order Book, Request For Quote System, a Voice Based System, but also by means of Single Dealer Platforms and any other bilateral means.

As a related matter, we do not believe that the language in CEA Sec. 5h(a)(1), stating that “[n]o person may operate a facility for the trading or processing of swaps unless the facility is registered as a swap execution facility or as a designated contract market” should be read broadly to require the registration as a SEF of any platform or system (whether or not electronic) for the execution or processing of swaps to the extent it is deemed to be a “facility” without consideration to whether the swaps traded on such facility are Required Transactions or Permitted Transactions. We support the statements in the letter to you and the Securities Exchange Commission, dated October 25, 2010, from Cleary Gottlieb on behalf of certain firms listed therein, to the effect that there is nothing in Dodd-Frank or its legislative history that suggests that Congress intended to restrict the bilateral or other execution models that could be used in the case of swaps that will not be subject to the mandatory trading requirement. We believe that customers should be allowed to execute such swaps on Single Dealer Platforms if they wish to do so and achieve the benefits of access to analytical tools, ease of execution and operational efficiencies that doing so allows.

We respectfully urge the Commission to reconsider its position on this point and allow transactions that are not subject to the statute’s execution requirement to trade on Single Dealer Platforms and other bilateral facilities, irrespective of whether such facilities are registered as Swap Execution Facilities.

Sincerely



Patrick Durkin

Managing Director

Barclays Capital