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Commodity Futures Trading Commission
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- **17 CFR Part 23**
- **RIN Number 3038-AC96; 3038-AC97**
- **Swap Transaction Compliance and Implementation Schedule: Trading Documentation and Margining Requirements Under Section 4s of the CEA**

Dear Mr. Stawick.

Thank you for giving us the opportunity to comment on your further notice of proposed rulemaking: Swap Transaction Compliance and Implementation Schedule: Trading Documentation and Margining Requirements Under Section 4s of the CEA.

You are proposing regulations that would establish a schedule to phase in compliance with previously proposed requirements, including the swap trading relationship documentation requirement under proposed 17 CFR 23.504, published in 76 FR 6715 (Feb. 8, 2011) and the margin requirements for uncleared swaps under proposed 17 CFR 23.150 through 23.158, published in 76 FR 23732 (Apr. 28, 2011). This release is a continuation of those rulemakings. The proposed schedules would provide relief in the form of additional time for compliance with these requirements. This relief is intended to facilitate the transition to the new regulatory regime established by the Dodd-Frank Act in an orderly manner that does not unduly disrupt markets and transactions.

I generally support your proposed compliance schedule, which should allow swap entities to transition to the new swaps regime in an orderly manner. I fully agree that the schedule should depend on various factors, especially the entity's experience, resources and the size and complexity of its transactions. To this end I support that an entity's average monthly swap transaction activity is a useful proxy for that entity's ability to comply with the Trading Documentation and Margin Requirements discussed here, rather than notional turnover or open exposure, as the number of swap transactions is a more accurate depiction of actual swap transaction activities.

Please note that the comments expressed herein are solely my personal views

It is a pity that the compliance schedule has to encompass proposed § 23.504(b)(4), which covers the swap valuation proposals. I have already commented on the importance of these proposals,¹ which will increase transparency, operational efficiency and assist in the early and objective resolution of swap valuation disputes. I would expect that such "...written documentation in which the parties agree on the methods, procedures, rules, and inputs for determining the value of each swap at any time from execution to the termination, maturity, or expiration of such swap" should already exist, as this is part of any comprehensive control concept (CCC) or basic risk management. In this case therefore, perhaps it would be appropriate to require compliance with § 23.504(b)(4) as a priority within the proposed compliance schedule.

Yours sincerely

Chris Barnard

¹ Please see my comment letter on your notice of proposed rulemaking: Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants, at 76 FR 6715, February 2011.