

May 16, 2012

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

Dear Sir,

I am writing today to comment on RIN 3038-AD08: Procedures to Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades.

I am currently employed as a USD swap market maker at a smaller foreign bank, but have been working in the business for many years now, so feel I have a lot of experience within both the larger firms and smaller firms. I have been watching the developments in the market with interest and feel that I should be commenting so that you get input from more parties than just the big firms who are dominating the business at the moment.

As the market turns into a more transparent place with the centralized clearing, trading and reporting of the market, there are several important parameters that need to be addressed in order to achieve the goals of the Dodd-Frank act. At the moment we are talking about the block size limits for trades going through the market. To me this is a balancing act between providing the transparency and level playing field the act is trying to obtain, against the liquidity that comes from having a centralized market. Too high and the liquidity will disappear as firms becomes reluctant to price trades that put them in large risk positions, and too small and the act will become worthless as most trades will be being reported after the fact when the market has moved and the transparency desired will not come about.

I think that the CFTC is doing a good job at the moment in recognizing the differences in the market and understanding how the act and the real world intersect and also in applying the intent of Congress in terms of the block trade reporting. I think it makes a lot of sense to continue the analysis in order to be able to develop as the market develops, while using the CFTC rules as they are written at the moment.

Overall I am a believer in the Dodd-Frank act and the goals it is trying to achieve with respect to transparency and increased liquidity and think the block trading rules need to be such that the intent of the act is maintained as there are many dealer banks that are unwilling to ease their stranglehold on the market. I further put my belief in the CFTC at the moment in terms of what they are proposing for the block trading rules, as this is one of the keys to following the spirit of the Dodd Frank act.

Regards
Timothy Kearney

