



June 18, 2012

Via: <http://comments.cftc.gov>

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

Office of the
Secretary

2012 JUN 20 PM 4: 09

Received
CFTC

COMMENT

Re: Procedures to Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades (RIN 3038-AD08)

Dear Mr. Stawick:

Currenex, Inc. ("Currenex"), an indirect, wholly-owned subsidiary of State Street Corporation ("State Street")¹ and part of State Street's eExchange business, appreciates the opportunity to comment on the Commodity Futures Trading Commission's (the "Commission") proposal under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") regarding procedures to establish appropriate minimum block sizes for large notional off-facility swaps and block trades (the "Proposal")². As noted in the Proposal, unless otherwise determined by the Commission, all publicly reportable swap transactions under the Commission's jurisdiction in all five asset classes (*i.e.*, interest rate, credit, equity, foreign exchange, and other commodity) are subject to appropriate minimum block sizes.

Our eExchange business includes the Currenex and Global Link suite of solutions, which provide electronic trading solutions for foreign exchange, precious metals, cash US Treasury securities, futures, swaps, money markets and exchange traded funds. In particular, Currenex offers corporate and institutional buyers and sellers in the foreign exchange markets reliable, low-cost and secure electronic access to the \$1+ trillion a day global FX market. Our suite of award-winning services and comprehensive integration capabilities with custom-built and third party trade and settlement systems provide robust FX trading and workflow processing solutions to hundreds of clients, worldwide. The eExchange business also includes State Street's registered futures commission merchant, State Street Global Markets, LLC, which currently provides clearing services to clients trading futures and options on futures, and which is in the process of expanding its offering to include clearing of swaps. Subject to review of the CFTC's final rules for swap execution facilities, State Street intends to submit an application to the Commission for registration as a swap execution facility through a newly-formed affiliate.

¹ State Street is a leading financial services provider serving some of the world's most sophisticated institutions such as pension funds, mutual funds, endowments and sovereign wealth funds. State Street offers a suite of services that spans the investment spectrum, including investment management, research and trading, and investment servicing. State Street's growing derivative servicing suite now includes end-to-end OTC and exchange traded derivatives processing, collateral management, and independent valuations.

² Procedures to Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades, 77 FR 15460 (March 15, 2012).

Currenex broadly supports the Proposal. We believe that the proposed classifications of swap categories in the interest rates and FX asset classes are both reasonable and appropriate.³ We support the proposed approaches for calculation of minimum block sizes for these asset classes as well. In particular, in our view, the use of a 67 percent notional amount calculation would properly set block sizes at an appropriate level and thereby would reflect a thoughtful and judicious consideration both of the benefits of enhanced market transparency as well as of the effects that such market transparency would have on market liquidity.

By contrast, in the Proposal, the Commission noted that it was actively considering use of a 50 percent notional amount calculation. We would strongly urge the Commission to refrain from lowering the calculations of block trade sizes in its final rules to such levels. While we believe that the current Proposal has struck the right balance in the consideration of the various policy objectives identified by Congress, we have serious concerns regarding the impact of the implementation of block trade size rules set at such a low level. In our view, setting block trade sizes at that level would seriously undermine the Congressional objective of promoting increased transparency and market competition and instead would largely support the perpetuation of the existing status quo.

In addition, we support the CFTC's proposed approach on establishing cap sizes on the reporting of block trades to assist in protecting the identity of the counterparties to the trade. In our view, the CFTC's approach is similar in concept to the caps used in the TRACE system, which was developed by FINRA for the reporting of eligible fixed income securities and which has functioned well over the approximately ten years of its operation.

Conclusion

We broadly support the Commission's Proposal, which should enhance transparency while avoiding undue impacts on market liquidity, and we urge the Commission to avoid the negative public policy consequences resulting from setting the block trade sizes at a lower level based on the 50% notional amount calculation that was suggested in the Proposal.

We would be happy to discuss the foregoing at your convenience.

Sincerely,



Clifford M. Lewis
Chief Executive Officer,
Currenex, Inc.

cc: Stefan M. Gavell, State Street Corporation, EVP and Head of Regulatory, Industry and Government Affairs