



August 13, 2012

**Mr. David Stawick**  
Secretary  
Commodity Futures Trading  
Commission  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**RE: Comment on Confirmation, Portfolio Reconciliation, and Portfolio Compression Requirements for Swap Dealers and Major Swap Participants (RIN 3036-AC96)**

Dear Mr. Stawick,

TriOptima is pleased to submit the following comments in connection with the Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) proposed rulemaking on Confirmation, Portfolio Reconciliation, and Portfolio Compression Requirements for Swap Dealers and Major Swap Participants (the “**Proposed Rule**”). As discussed below, TriOptima is a provider of post trade swap and security-based swap services to the OTC derivatives market. We currently provide post trade services to major market participants within the OTC derivatives market (“**Swap Participants**”).

**TriOptima background**

TriOptima is a provider of post-trade infrastructure for the OTC derivatives market. Our headquarters are in Stockholm and we have offices in London, New York, Singapore and Tokyo. Our business comprises three main operations:

- triReduce: a portfolio compression service;
- triResolve: a service centered around portfolio reconciliation; and
- a trade reporting repository for interest rate derivatives (expected to be wound down in the not too distant future).

Our post trade services are provided to Swap Participants for a variety of OTC derivatives, including interest rate swaps, credit default swaps and commodities.

**1. Section 23.203(a) and the Principal Place of Business Requirement.**

In proposed §23.203(a), all records shall be kept at the principal place of business of the SD or MSP or such other principal office as shall be designated by the participant.

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NEW YORK LONDON STOCKHOLM SINGAPORE TOKYO

A stylized world map showing the locations of TriOptima's offices: New York, London, Stockholm, Singapore, and Tokyo.

We believe the Commission should either clarify that the requirement of keeping records at a SD/MSP's principal place of business is met through having immediate access to the records through a GUI offered by third party service providers or, in the alternative, remove the principal place of business requirement altogether. Current record keeping technology and services permit businesses such as SDs/MSPs to keep records in electronic format away from their physical business locations. While the actual business records may be stored on servers of third party service providers which are not physically where the SD/MSP has its principal place of business, the records are nonetheless immediately accessible and retrievable by the SD/MSP through the third party service provider's GUI. We believe the regulatory focus should be on the content of the business records – complying with proposed Sec. 23.606 – and the ability of the SD/MSP to provide immediate access and retrievability to its records for review by the regulator, as opposed to the physical location of such records. For this reason we believe the CFTC should either take the interpretive position that an SD/MSP meets the requirement that records are "kept" at the principal place of business where the SD/MSP has immediate and complete access to its records which are kept on a third party service provider's servers through a GUI or other technology. In the alternative, we recommend that the Commission delete the "principal place of business" requirement. Our preferred approach would be for the Commission to delete the requirement.

## **2. Section 23.203(b) and the Records Retention Requirement for Reconciliation Records**

Proposed §23.203(b) requires that records of any swap shall be kept for a period of five years after termination/maturity etc.

We request clarification of proposed Sec. 23.203(b) of the recordkeeping rules as it relates to portfolio reconciliation records. We would appreciate explicit language in the final rule clarifying that records related to each portfolio reconciliation must be kept for a period of 5 years after the termination/maturity of the swap subject to the reconciliation.

## **3. Section 23.203 and Discrepancies and Reconciliation Records**

Proposed Sec. 23.203 requires that SD/MSP retain portfolio records which show the number of discrepancies in a portfolio reconciliation exercise. We believe the CFTC should clarify the final rule so it is clear that SD/MSPs must keep records which show the number of, and identifies the actual, discrepancies in any portfolio reconciliation exercise. We believe that merely keeping a record of the number of discrepancies found during a portfolio reconciliation exercise is not useful. SD/MSPs have an obligation to identify and resolve discrepancies with their counterparties in swap transactions. The portfolio reconciliation regulations should be clear that SD/MSPs are required to keep records of the actual discrepancies which are found during any portfolio reconciliation so they

can show that such discrepancies were identified and resolved in a timely fashion.

**4. Section 23.202 and 23.502(b) – Interplay of 2 Sections.**

Under proposed Sec. 23.202(a)(3)(iii) each SD/MSP shall keep reconciliation records. In addition, SD/MSP have a recordkeeping requirement of reconciliation records in the proposed §23.502(d).

Finally, we request clarification related to the interplay of proposed Section 23.202 and 23.502(d). These two proposed rules appear to cover similar requirements related to portfolio reconciliation. This could produce confusion in both operations and interpretation. We recommend that the Staff revise the final of Sec. 23.502(d) so that it cross references Sec. 23.202.

Again, we appreciate the opportunity to comment on the CFTC's Proposed Rulemaking.

Yours sincerely,

Per Sjoberg  
Group CEO  
TriOptima