



National Association
of Federal Credit Unions
3138 10th Street North
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

August 16, 2012

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

RE: Proposed Rule on Cooperative Exemption from Swap Clearing Requirement

Dear Mr. Stawick:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions (FCUs), I am writing to you regarding the Commodity Futures Trading Commission (CFTC) proposed rule regarding swap clearing exemptions for cooperatives. *See* 72 FR 41940 (July 17, 2012).

The proposed rule implements provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) related to swap clearing requirements. Unless specifically exempted, counterparties in a swap must comply with clearing requirements established by the CFTC. Entities covered by the CFTC swap clearing rules would be required to submit a swap for clearing through a derivatives clearing organization if the CFTC has determined that the swap is required to be cleared.

Under CFTC rules, financial entities with total assets less than \$10 billion are exempt from the clearing requirement. The proposal would extend a similar exemption to cooperatives, including cooperatives with total assets in excess of \$10 billion.

NAFCU would strongly support a “cooperative exemption” to the CFTC’s clearing requirement that would explicitly exempt **all** credit unions, regardless of their assets size. Credit unions are formed as cooperatives under Federal or state law. *See, e.g.,* 12 CFR § 1752(1) (defining “Federal credit union” as “a cooperative association”). Like other cooperatives, credit unions have a member ownership structure. Under this structure, they exist to serve their member-owners. Further, and importantly, they do not act for their own profit; rather, they act to meet their members’ needs.

As the Commission recognizes, there are significant benefits to having cooperatives execute narrowly-tailored risk hedging and mitigation strategies. Among these benefits is to achieve greater economic efficiency and lower costs for members.

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Accordingly, NAFCU strongly urges the CFTC to adopt the proposed rule with specific clarifications that the “cooperative exemption” would apply to all credit unions.

NAFCU appreciates the opportunity to comment on the proposed rule. Should you have any questions, please contact me by telephone at (703) 842-2268 or by e-mail at ttefferi@nafcu.org.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tessema Tefferi".

Tessema Tefferi
Regulatory Affairs Counsel