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By Commission Website

September 6, 2012

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

**Re: RIN 3038–AD86: Clearing Requirement Determination Under
Section 2(h) of the CEA, 77 Fed. Reg. 47170 (August 7, 2012)**

Dear Mr. Stawick:

Jefferies & Company, Inc. (“Jefferies”) welcomes the opportunity to comment on the Commodity Futures Trading Commission’s proposed Clearing Requirement Determination Under Section 2(h) of the CEA, 77 Fed. Reg. 47170 (August 7, 2012) (the “Determination”) for two classes of credit default swaps (“CDS”) and four classes of interest rate swaps (“IRS”). In particular, Jefferies wishes to express its strong support for the proposed Determination.

Jefferies, a wholly owned subsidiary of Jefferies Group, Inc. (“Jefferies Group”), is a global securities and investment banking firm that has served companies and their investors for nearly 50 years. Jefferies Group is a publicly traded company with a market capitalization of approximately \$3.3 billion and annual revenues of \$2.6 billion (latest twelve months ended May 31, 2012). We currently employ over 3,800 people in offices in more than 30 cities worldwide, and our approximately 1,500 sales and trading professionals transact business with and on behalf of thousands of institutional investors in most major markets in the world today.

Jefferies is currently not a major participant in the over-the-counter derivatives markets. However, the traditional barriers to entry that the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) removes by, among other things, requiring the central clearing of many swaps, will enable Jefferies to participate more actively in the swaps market.

With respect to CDS and IRS, implementing the mandatory clearing requirement for the two classes of CDS and four classes of IRS in these liquid and standardized segments of the swaps markets is a significant milestone towards achieving the Dodd-Frank Act’s objectives of mitigating systemic risk arising from the interconnectedness of OTC derivatives market participants and limited transparency of bilateral (i.e., uncleared) counterparty relationships, and promoting competition in the swaps market – all essential steps towards restoring the safety and soundness of our financial markets.

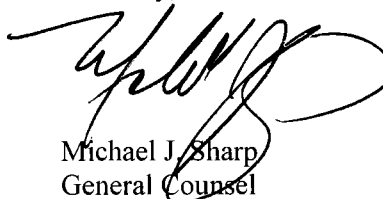
The specific fixed-to-floating swaps, basis swaps, forward rate agreements, and overnight index as well as CDX and iTraxx credit default swap indices listed in proposed §50.4 easily satisfy the five statutory factors identified in Section 2(h)(2)(D) of the Commodity Exchange Act,

as amended by Title VII of the Dodd-Frank Act, that the Commission is required to consider for clearing requirement determinations, as the Commission's analysis demonstrates.¹ These swaps are all cleared today in significant volumes, and we agree with the Commission that "there is already a blueprint for clearing and appropriate risk management." *See id.* at 47172. We recommend that the Commission maintain the full proposed product scope in its final Determination.

Jefferies also strongly supports the proposal that lists of swaps that can be cleared and those that must be cleared should be made readily available to the public by both the Commission and each derivatives clearing organization.

Thank you, again, for the opportunity to comment on the Determination. If the Commission has any questions regarding the matters discussed herein, please contact me at (212) 707-6409.

Sincerely,



Michael J. Sharp
General Counsel

¹ In summary, the five factors are the (i) outstanding notional exposures, trading liquidity, and adequate pricing data; (ii) availability of rule framework, capacity, operational expertise and resources, and credit support infrastructure; (iii) effect on the mitigation of systemic risk; (iv) effect on competition; and (v) legal certainty in the event of insolvency.