



August 28, 2012

Via Electronic Submission: <http://comments.cftc.gov/PublicComments/CommentForm.aspx?id=1252>

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

**Re: Clearing Requirement Determination Under Section 2(h) of the CEA  
RIN Number 3038-AD86**

Dear Mr. Stawick,

Coherence Capital Partners LLC<sup>1</sup> strongly supports the Commodity Futures Trading Commission's (the "Commission") proposed *Clearing Requirement Determination Under Section 2(h) of the CEA*<sup>2</sup> (the "Determination") for certain classes of credit default swaps (CDS) and interest rate swaps (IRS).

Implementing the mandatory clearing requirement for these liquid and standardized segments of the swaps markets is a significant milestone towards achieving the Dodd-Frank Act's objectives of reducing interconnectedness, mitigating systemic risk, increasing transparency, 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, FRAs, and OIS as well as CDX and iTraxx CDS indices listed in proposed §50.4 easily satisfy the five statutory factors that the Commission is required to

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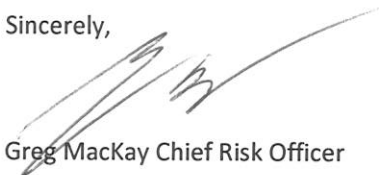
<sup>1</sup> An investment management company registered with the SEC.

<sup>2</sup> 77 Fed Reg. 47170-47222 (August 7, 2012)

consider for clearing requirement determinations, as the Commission's analysis demonstrates.<sup>3</sup> These swaps are all cleared today in material volumes and we thus agree with the Commission that "there is already a blueprint for clearing and appropriate risk management."<sup>4</sup> We recommend that the Commission maintain the full proposed product scope in its final Determination.

We urge the Commission to conclude its review and issue its final Determination as expeditiously as possible within the 90 day review period so the market can finally benefit from the implementation of mandatory central clearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg MacKay", is written over a horizontal line.

Greg MacKay Chief Risk Officer

Coherence Capital Partners LLC

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<sup>3</sup> 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.

<sup>4</sup> See *Id.* at 47172