

September 6, 2012

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

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,

On behalf of the D. E. Shaw group¹, I want to strongly support the Commodity Futures Trading Commission's (the "Commission") proposed *Clearing Requirement Determination Under Section 2(h) of the CEA*² (the "Determination") for its focus on the most liquid and currently cleared classes of swaps: 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 iTraxx³ CDS indices listed in proposed §50.4 easily satisfy the five statutory factors that the Commission is required to

¹ The D. E. Shaw group is a global investment and technology development firm with more than 1,000 employees, approximately \$26 billion in investment capital as of July 1, 2012, and offices in North America, Europe, and Asia. Since its founding in 1988, the firm has earned an international reputation for successful investing based on innovation, careful risk management, and the quality and depth of its staff.

² 77 Fed Reg. 47169-47222 (August 7, 2012)

³ Note that the iTraxx contracts are currently not available for client clearing. We endorse the September 6, 2012 letter submitted by the Managed Funds Association that requests a delay in mandatory clearing for the iTraxx class for investment funds and other non-dealers entities until 90 days after the contracts become available for clearing by clients.

consider for clearing requirement determinations. These swaps are all cleared today in material volumes by the dealer community, and we thus agree with the Commission that “there is already a blueprint for clearing and appropriate risk management.”⁴ We recommend that the Commission maintain the full proposed product scope in its final Determination, with appropriate phase-in for the iTraxx as noted.

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 begin to benefit from the implementation of mandatory central clearing.

Sincerely,

/s/ Ted MacDonald

Ted MacDonald
Managing Director and Treasurer
The D. E. Shaw Group

⁴ See *id.* at 47172