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September 6, 2012

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,

Javelin Capital Markets, LLC (“Javelin”) strongly supports the Commodity Futures Trading Commission’s (the “Commission”) proposed *Clearing Requirement Determination Under Section 2(h) of the CEA*<sup>1</sup> (the “Determination”) for certain classes of Credit Default swaps (“CDS”) and Interest rate swaps (“IRS”).

Javelin intends to register and operate as a Swap Execution Facility (“SEF”) for both IRS and CDS as soon as the CFTC finalizes its SEF rules.

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 consider for clearing requirement determinations, as the Commission’s analysis demonstrates.<sup>2</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>3</sup> We recommend that the Commission maintain the full proposed product scope in its final Determination.

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<sup>1</sup> 77 Fed Reg. 47170-47222 (August 7, 2012)

<sup>2</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>3</sup> See *Id.* at 47172



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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.

We look forward to working with the CFTC to achieve the Dodd-Frank Act's goal of increased central clearing and non-bilateral trading on SEFs. If you would like to speak to me or any of my partners, we are available at 646-588-2011.

Sincerely,

/s/ Michael Hisler

Michael Hisler  
Senior Managing Director  
Javelin Capital Markets, LLC