



15000 Commerce Parkway, Suite C
Mt. Laurel, NJ 08054

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Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581
Telefacsimile: (202) 418-5521 and
Email to secretary@cftc.gov and electronically to <http://comments.cftc.gov>

Re: Further Response of the International Energy Credit Association (“IECA”) to Commodity Futures Trading Commission (“CFTC” or “Commission”) Notice of Proposed Rule (“NOPR” or “Proposed Rule”) respecting Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants (17 CFR Part 23, RIN 3038-AC97, Federal Register July 12, 2012) Extension of Comment Period

Ladies and Gentlemen:

On July 28, 2012, the IECA submitted comments to the Commission with respect to the above-referenced Proposed Rule regarding Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants (“Margin Requirements”), in which the IECA applauded the Commission for “getting it right” in the Margin Requirements by not imposing margin requirements on non-financial entities as set forth in Section 23.154 of the Proposed Rule. In our comments, the IECA stated that this aspect of the Commission’s decision (i) recognizes the mandate of the Dodd-Frank Act with respect to end-users of swaps and (ii) is consistent with the evidence of Congressional intent found in the Dodd-Lincoln letter of June 30, 2010.

We have reviewed the consultative document entitled “Margin requirements for non-centrally-cleared derivatives” (“Consultative Paper”) that was recently published by the Basel Commission on Banking Supervision (“BCBS”) and the International Organization of Securities Commissions (“IOSCO”).

In the Commission’s notice of Extension of Comment Period, published in the Federal Register on July 12, 2012, the Commission stated that it has extended the comment period with respect to its Proposed Rule on Margin Requirements “in order to give interested parties the opportunity to comment on the consultative paper and the CFTC’s proposed rules concurrently.”

The IECA draws the Commission's attention to the statement of the BCBS and IOSCO on page 9 of the Consultative Paper, which reads as follows:

“There was broad consensus within the BCBS and IOSCO that the margin requirements need not apply to non-centrally-cleared derivatives to which non-financial entities that are not systemically-important are a party, given that (i) such transactions are viewed as posing little or no systemic risk and (ii) such transactions are exempt from central clearing mandates under most national regimes. Similarly, the BCBS and IOSCO broadly support not applying the margin requirements in a way that would require sovereigns or central banks to either collect or post margin. Both of these views are reflected by the effective exclusion of such transactions from the scope of margin requirements proposed in this consultative paper.”

The IECA believes that the Consultative Paper is not directed toward requiring end-users of swaps (non-financial entities) to post margin. In fact, based on the foregoing statements from the Consultative Paper and the exclusion of such transactions from the scope of margin requirements proposed in the Consultative Paper, the IECA submits that the Consultative Paper provides further support for the Commission's prior decision in its Proposed Rule to not impose margin requirements on end-users which are exempt from the Commission's central-clearing mandate under the end-user exemption (17 C.F.R. §39.6).

On this basis, the IECA urges the Commission to maintain the position previously set forth in its Proposed Rule on Margin Requirements that margin requirements will not be imposed on non-financial entities as set forth in Section 23.154 of the Proposed Rule.

Correspondence

Correspondence with respect to these comments should be directed to the following individuals:

Zackary Starbird
Member of the Board
International Energy Credit Association
30 S. Wacker Drive, Suite 900
Chicago, IL 60606
Phone: 312-594-7238
Email: zack.starbird@bp.com

Phillip G. Lookadoo, Esq.
Reed Smith, LLP
Suite 1100 East Tower
1301 K Street, NW
Washington, DC 20005
Phone: 202-414-9211
Email: plookadoo@reedsmith.com

Conclusion.

The IECA appreciates the opportunity to provide the foregoing comments and information to the Commission. This letter represents a submission of the IECA, and does not necessarily represent the opinion of any particular member thereof.

Yours truly,
INTERNATIONAL ENERGY CREDIT ASSOCIATION

/s/
Phillip G. Lookadoo, Esq.
Reed Smith, LLP

/s/
Jeremy D. Weinstein
Law Offices of Jeremy D. Weinstein