



STATEMENT FOR THE RECORD

**Commodity Futures Trading Commission
Market Risk Advisory Committee Meeting**

May 10, 2016

The Wholesale Markets Brokers Association, Americas (“WMBAA”) thanks the Commodity Futures Trading Commission (“CFTC”) Market Risk Advisory Committee (“MRAC”) for holding a public meeting to review the state of the derivatives market and how market participants use portfolio compression.

The WMBAA is an independent industry body representing the largest inter-dealer brokers. The founding members—BGC Partners, GFI Group, Tradition, and Tullett Prebon—operate globally, including in the North American wholesale markets, in a broad range of financial products. Each firm has subsidiaries that are registered with the CFTC as a swap execution facility.

The WMBAA appreciates the opportunity to discuss portfolio compression services, particularly for relevant interest rate and foreign exchange products including swaps, forwards and options. Many of the WMBAA members provide multilateral portfolio compression services. Portfolio compression, along with netting, compaction, and other risk mitigation tools provide a valuable role in reducing overall market risk, spurring active trading, and fostering liquidity for global derivatives markets. As discussed during the public meeting, these services reduce outstanding gross notional risk, counterparty credit liability and free up capital for other uses. The demand for and importance of multilateral portfolio compression services will increase as increased regulatory capital charges come into effect.

We encourage the MRAC and the CFTC to proceed with further study of portfolio compression and continued engagement with market participants. The WMBAA welcomes the opportunity to contribute to these discussions and share its experience with respect to any prospective policy initiatives or reporting requirements for portfolio compression services.