



July 13, 2016

Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Position Limits for Derivatives: Certain Exemptions and Guidance (RIN 3038–AD99)

Dear Mr. Kirkpatrick:

The Wholesale Markets Brokers' Association, Americas ("WMBAA" or "Association")¹ appreciates the opportunity to provide comments to the Commodity Futures Trading Commission ("CFTC" or "Commission") regarding the Commission's proposed delay for swap execution facilities ("SEFs") and designated contract markets ("DCMs") that lack access to sufficient swap position information the requirement to establish and monitor position limits on swaps ("Proposed Rules").²

The WMBAA appreciates the Commission's proposal to provide a temporary delay for SEFs that lack access to sufficient swap position information the requirement to establish and monitor position limits on swaps by: (i) adding Appendix E to part 150 to provide guidance regarding §150.5; and (ii) revising guidance on SEF Core Principle 6. The WMBAA supports this measure in order to "further the policy objectives of the Dodd-Frank Act regulatory regime, including the facilitation of trade processing of swaps and the promotion of trading swaps on SEFs."³

In a recent letter to the Commission, the WMBAA articulated that "SEFs do not possess information about a trader's position in any given swap or its underlying instrument or commodity. Rather, SEFs only have information about swap transactions that take place on their individual facilities and have no way of knowing whether a particular trade on the facility adds to an existing market-wide position or whether it offsets all or part of an existing position in that swap."⁴

¹ The WMBAA is an independent industry body representing the largest inter-dealer brokers. The founding members of the group—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 member firm has a subsidiary that is registered with the CFTC as a swap execution facility. The WMBAA membership collectively employs approximately 4,000 people in the United States; not only in New York City, but in Stamford and Norwalk, Connecticut; Chicago, Illinois; Jersey City and Piscataway, New Jersey; Raleigh, North Carolina; Juno Beach, Florida; Burlington, Massachusetts; and Dallas, Houston, and Sugar Land, Texas. For more information, please see www.wmbaa.com.

² Position Limits for Derivatives: Certain Exemptions and Guidance, 81 Fed. Reg. 38458 (June 13, 2016) [hereinafter "Proposal"].

³ Id. at 38462.

⁴ Letter from William Shields, Chairman, WMBAA to the Honorable Timothy Massad, Chairman, CFTC (March 11, 2016) *available at* http://www.wmbaa.com/wp-content/uploads/2016/06/WMBAA_Letter_to_CFTC_031116.pdf.

Furthermore, the WMBAA submitted a white paper to the Division of Market Oversight (“DMO”) explaining why a SEF position limits and position accountability regime is neither necessary nor appropriate.⁵ Similarly, a SEF CCO working group, consisting of CCOs of 18 then-provisionally registered SEFs, commissioned the National Futures Association (“NFA”) to conduct a study regarding swap position limits and position accountability. The SEF CCO working group provided DMO staff with a synopsis of this study in the form of a discussion document.

As the Commission notes, SEFs “lack access to information that would enable them to knowledgeably establish position limits or monitor positions.”⁶ The WMBAA generally agrees with the CFTC’s characterization that “if an exchange does not have access to sufficient data regarding individual market participants’ open swap positions, then it cannot effectively monitor swap position limits.” This is true because (i) “exchanges generally do not currently have access to a data source that identifies a market participant’s reported open swap positions from the prior trading day” and (ii) “the Commission has neither required any [derivatives clearing organization] or [swap data repository] to provide such swap data to exchanges, nor provided any exchange with access to swaps data collected under part 20 of the Commission’s regulations.”⁷

As the operators of competitive, transparent trading venues with no practical method to access market-wide trading information on a real-time basis, we support the Commission’s proposed delay and encourage its adoption.

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Thank you for the opportunity to share these comments with you. Please feel free to contact the undersigned with any questions you may have on our comments.

Sincerely,



William Shields
Chairman, WMBAA

⁵ WMBAA White Paper: SEF Position Limits and Accountability Regimes are Neither Necessary Nor Appropriate (May 21, 2015).

⁶ Proposal at 38460.

⁷ Id. at 38461.