

August 07, 2018

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

Re: De Minimis Exception to the Swap Dealer Definition, RIN 3038-AE68

Dear Mr. Kirkpatrick,

Daiwa Securities Co. Ltd. welcomes the opportunity to submit comments to the Commodity Futures Trading Commission ("Commission" or "CFTC") with respect to the De Minimis Exception to the Swap Dealer Definition ("Proposal").

With regard to the de minimis calculation for Swap Dealer (SD) registration, we would submit the following comments.

Trade information of Swaps executed on exchange (e.g., a swap execution facility ("SEF") or designated contract market ("DCM")) is disclosed immediately and centrally managed by the exchange with accessibility provided to CFTC. This would satisfy the counterpart protection policy under SD regulation. The risks of Cleared Swaps are centrally managed and risk exposure against US market could be minimized. This would also satisfy the policy under SD regulation in respect to the reduction of systemic risks. Therefore these trades should be excluded from the de minimis calculation.

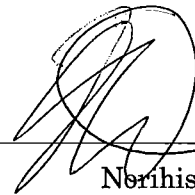
In addition, we believe there should not be any exception conditions from the de minimis calculation. If there are such conditions on the de minimis calculation, it might cause practical difficulties and problems on judging whether executed trades should be exempted from the de minimis calculation or not, moreover it might cause constraint on encouraging Exchange-Trading and/or Cleared Swaps.

If Exchange-Traded and/or Cleared Swaps are excluded from de minimis calculation procedure, firms currently refraining from trading with US persons, in order to avoid

SD registration, would restart trading with US persons and Exchange-Traded and/or Cleared Swaps would be encouraged. You can then expect to increase liquidity in US market and reduce the systemic risks.

As for the last question, transactions executed on exempt multilateral trading facilities, exempt organized trading facilities, and/or exempt DCOs should be excluded from the de minimis calculation as well. These exemptions were approved by the result that these facilities and/or DCOs are recognized to be regulated and monitored by their own regulator as appropriate and equivalent level to US regulations. Therefore we believe these exempt facilities and DCOs should be treated equally with the administered facilities and/or DCOs.

Yours Sincerely,



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Norihisa Nagura

Managing director

Daiwa Securities Co. Ltd.