



Prudential

Michael Long
President

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Christopher J. Kirkpatrick
Secretary of the Commission,
Commodity Futures Trading
Commission, Three Lafayette Centre,
1155 21st Street NW, Washington, DC
20581.

Re: Request for Comment on RIN Number 3038-AE32: Certain Swap Data Repository and Data Reporting Requirements

Dear Mr. Kirkpatrick:

Prudential Global Funding LLC (“Prudential”) appreciates the opportunity to comment on the proposed revisions to the swap data reporting rules (“**Proposal**”) published by the U.S. Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) on May 13, 2019.

We believe that there are many aspects of the current reporting regime that function well in providing the markets with more transparency and information, and we certainly support the Commission’s efforts to review the CFTC’s current reporting regulations in light of five years of market experience to streamline and add value to the data that is being reported. Much of the Proposal is helpful to achieve greater efficiency and transparency. However, we are concerned with the swap data verification rules contained in the proposed revisions to Section 49.11 that we feel place an undue burden on one class of end-users. Because of Prudential’s use of a centralized treasury affiliate, we are a reporting counterparty on certain of our affiliate derivatives trades that do not otherwise qualify for exemptive relief granted by the CFTC.

We feel that we, and other end-users similarly situated and structured, should not be unduly burdened due to our structures. Centralized trading structures ultimately provide better risk management tools to our firms. If we were directly facing swap dealers on all derivatives trades generated at our firm, the burden would have fallen on the swap dealers exclusively to verify this data. In addition, end-users using derivatives for hedging purposes should not be penalized with regulatory compliance costs for using derivatives products to reduce risk to their firms.

As a result of the proposed changes to 49.11, the trades that would be reported and then verified by us would be interaffiliate trades. From a policy perspective, interaffiliate trades are not as critical to the goals of the swap data reporting rules for providing pricing and informational transparency to the broader marketplace. The benefits of verifying interaffiliate trades are outweighed by the burden to the end-user reporting counterparty. Due to this undue burden on all end-users using a similar centralized treasury affiliate structure, we would respectfully request that such interaffiliate swaps be excluded from the verification requirements set out in the Proposal.

Alternatively, if the Commission feels it necessary to require verification of this class of trades (i.e. interaffiliate trades), we would respectfully request that the verification be conducted on a less frequent basis, preferably semi-annually, and that the response time would be extended to two business weeks, rather than 96 hours. Though this does not solve our required build of operational systems to address the Proposal's requirement, this may reduce the dedicated personnel we would need to handle the response.

We appreciate the Commission's consideration of our response. Prudential believes that the goals of the Proposal are certainly worthy. However, any reforms should focus on the impact to all market participants and should take into consideration a careful cost benefit analysis. Should you have any questions, please do not hesitate to contact me or Nabanita Chaterjee Nag – General Counsel to Prudential Global Funding at (404) 704-8926.

Respectfully submitted,



Michael Long
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Prudential Global Funding LLC