



December 23, 2019

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

**Re: Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants**

Dear Secretary Kirkpatrick,

The Institute of International Bankers (“**IIB**”) and Securities Industry and Financial Markets Association (“**SIFMA**”)(together, the “**Associations**”)<sup>1</sup> appreciate the opportunity to provide comments on Commodity Futures Trading Commission’s (“**Commission**”) proposal to amend Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants (the “**Proposal**”)<sup>2</sup> under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“**Dodd-Frank**”). SIFMA supports the Commission’s proposal to add a sixth compliance phase for IM requirements for counterparties with average daily aggregate notional amounts (“**AANA**”) from \$8 billion to \$50 billion. The compliance date for counterparties with AANAs from \$50 billion to \$750 billion would remain as September 1, 2020.

This addition would align with the international margin framework, as recently amended by the Basel Committee on Banking Supervision (“**BCBS**”) and the International Organization of Securities Commissions (“**IOSCO**”)<sup>3</sup> and the phase in schedule amendments recently proposed by U.S prudential regulators.<sup>4</sup> Such harmonization is necessary to prevent fragmentation in the global markets while also minimizing the potential for regulatory arbitrage and competitive disparities.

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<sup>1</sup> Descriptions of the associations can be found in the Appendix to this letter.

<sup>2</sup> This comment letter is submitted with respect to Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants, RIN 3038–AE89 (Oct. 24, 2019).

<sup>3</sup> See BCBS and IOSCO, *Margin requirements for non-centrally cleared derivatives* (Jul. 2019).

<sup>4</sup> See Margin and Capital Requirements for Covered Swap Entities, Docket No. OCC-2019-0023/RIN 1557-AE69, Docket No. R-1682/RIN 7100-AF62, RIN 3064-AF08, RIN 3052-AD38, RIN 2590-AB03, 84 Fed. Reg. 59970 (Nov. 7, 2019) and SIFMA/ABA/ABASA/BPI/CCMC/FSF/IIB supporting [submission](#) (Dec. 9, 2019)

Additionally, the extension of the compliance period for counterparties with an AANA from \$8 billion to \$50 billion is necessary to reduce the potential for the market disruption that could occur if all counterparties with AANAs from \$8 billion to \$750 billion came into scope for IM requirements at the same time. There are a significant number of swap dealer counterparties who would be caught by the existing phase five compliance date, and therefore, retaining that date for counterparties with AANAs from \$8 billion to \$50 billion would put substantial strain on the market and market participants' resources. The costs to swap dealers of ensuring that all such counterparties with AANAs from \$8 billion to \$750 billion are in compliance with IM requirements at the same time would exceed any risk mitigation benefits that would be achieved from having those counterparties come into compliance on September 1, 2020, especially since very few of them will have swap portfolios that give rise to exposure exceeding the \$50 million IM threshold.

Finally, the addition of a sixth compliance period also will provide the Commission with more time to consider possible further actions to address concerns that the last compliance phase will encompass many counterparties that do not pose systemic risk because, for example, their swap portfolios do not give rise to exposure exceeding the \$50 million IM threshold.

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We would be pleased to provide further information. Please do not hesitate to contact the undersigned if you should have any questions with regard to the foregoing.

Respectfully submitted,



Briget Polichene  
Chief Executive Officer  
**Institute of International Bankers**



Kenneth E. Bentsen, Jr.  
President & CEO  
**SIFMA**

cc:

The Honorable Heath P. Tarbert, Chairman, Commodity Futures Trading Commission

The Honorable Brian Quintenz, Commissioner

The Honorable Rostin Behnam, Commissioner

The Honorable Dawn Stump, Commissioner

The Honorable Dan Berkovitz, Commissioner

Mr. Joshua B. Sterling, Director, Division of Swap Dealer and Intermediary Oversight

Mr. Thomas J. Smith, Deputy Director

Mr. Warren Gorlick, Associate Director

Ms. Carmen Moncada-Terry, Special Counsel

Mr. Rafael Martinez, Senior Financial Risk Analyst

## Appendix

**The Institute of International Bankers (IIB)** is the only national association devoted exclusively to representing and advancing the interests of the international banking community in the United States. Its membership is comprised of internationally headquartered banking and financial institutions from over 35 countries around the world doing business in the United States. The IIB's mission is to help resolve the many special legislative, regulatory, tax and compliance issues confronting internationally headquartered institutions that engage in banking, securities and other financial activities in the United States. Through its advocacy efforts the IIB seeks results that are consistent with the U.S. policy of national treatment and appropriately limit the extraterritorial application of U.S. laws to the global operations of its member institutions. Further information is available at [www.iib.org](http://www.iib.org).

**SIFMA** is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate on legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets, and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.