



March 10, 2020

VIA U.S. MAIL

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

Re: **Post-Trade Name Give-Up on Swap Execution Facilities (RIN 3038-AE79)**

Dear Mr. Kirkpatrick:

CTC Trading Group, LLC ("CTC") is a major market making firm providing liquidity in the equity, index, and commodity futures options markets. Founded in 1995, CTC has over 440 employees and makes markets across multiple asset classes and geographies with operations in Chicago, London, and Hong Kong. We appreciate the opportunity to comment on the Commodity Futures Trading Commission's ("Commission") proposal to prohibit post-trade name give-up ("name give-up") for swaps that are executed anonymously on swap execution facilities ("SEFs") and intended to be cleared (the "Proposal").

As we stated in our comment letter of March 15, 2019 in response to the Commission's Notice of Proposed Rulemaking on Swap Execution Facilities and Trade Execution Requirement,¹ we support the abolition of post-trade name give-up on SEFs. We continue to hold this view, and strongly support the Proposal.

Multiple firms and organizations have already laid out a compelling case in support of disallowing post-trade name give-up for swaps intended to be cleared, which we broadly agree with. Specifically:

- In order to trade on a SEF that requires name give-up, a buy-side firm must incur both (1) an unacceptably high degree of information leakage, and (2) the risk of discrimination or even retaliation from dealers using name give-up to identify firms participating on the SEF
- As such, name give-up effectively limits trading on certain SEFs to an artificially small number of participants
- As multiple liquidity providers and buy-side firms² have commented, far from reducing liquidity provision, we would expect abolishing name give-up to *increase* liquidity provision on SEFs given

¹ See our letter of March 15, 2009 at <https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=62078>

² See for example letter from Carlotta King of the Managed Funds Association, <https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=62347>

increased participation from buy-side firms, which should in turn drive enhanced participation from liquidity providers. Of note, CTC is a major market maker on multiple SROs and DCMs which do not provide counterparty information on a post-trade basis—we find this fully anonymous trading model works well for all parties and has helped drive the U.S. commodities and securities markets to their position as the world’s strongest and most resilient.

- We are not aware of any legitimate and novel operational, credit and settlement, or legal issues that would arise as a result of the Proposal. While post-trade name give-up may be necessary for anonymously-executed uncleared swaps due to the ongoing obligations and credit risk that persist for the duration of such swaps, in the case of cleared swaps, both parties face the derivatives clearing organization (DCO) after trade consummation and bear no further mutual credit risk. We agree with Vanguard³ and others that as a result, there is no valid credit or operational risk management need to continue permitting post-trade name give-up.

Finally, we share concerns raised by FIA PTG,⁴ Citadel,⁵ and others that as written, there may be opportunities to find loopholes in or otherwise evade the Proposal’s prohibition, and respectfully suggest that the Commission propose additional rulemaking to preclude such evasion.

If you have any questions about these comments or if we can provide further information, please do not hesitate to contact us.

Respectfully submitted,

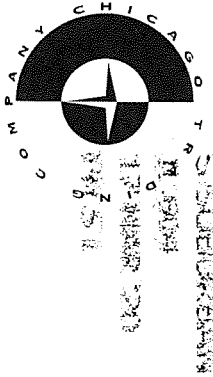


Steve Crutchfield
Head of Market Structure
Chicago Trading Company

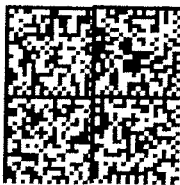
³ See letter from Gregory Davis and Joseph Brannan of Vanguard, <https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=62373>

⁴ See letter from Joanna Mallers of FIA PTG, <https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=62341>

⁵ See letter from Stephen Berger of Citadel, <https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=62352>



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