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

January 24, 2022

Dear Mr. Kirkpatrick

Swap Clearing Requirement To Account for the Transition From LIBOR and Other IBORs to Alternative Reference Rates (RIN 3038-AF18)

The Alternative Investment Management Association (AIMA)¹ appreciates the opportunity to comment on the U.S. Commodity Futures Trading Commission's (Commission) request for information and comment on how the Commission could amend its swap clearing requirement to address the cessation of certain interbank offered rates ("IBORs"), e.g., the London Interbank Offered Rates ("LIBOR"), used as benchmark reference rates and the market adoption of alternative reference rates; namely, overnight nearly risk-free reference rates ("RFRs") (the "RFI").²

Many of AIMA's members are active participants in the cleared swaps markets and therefore have a vested interest in the transition to alternative reference rates and how those rates may impact trading liquidity and clearing availability. AIMA recognizes that as the market transitions to alternative

¹ AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with more than 2,000 corporate members in over 60 countries. AIMA's fund manager members collectively manage more than \$2 trillion in assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programs and sound practice guides. AIMA works to raise media and public awareness of the value of the industry. AIMA set up the Alternative Credit Council (ACC) to help firms focused in the private credit and direct lending space. The ACC currently represents over 170 members that manage \$400 billion of private credit assets globally. AIMA is committed to developing skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA's website, www.aima.org.

² Request for information and comment, Swap Clearing Requirement to Account for the Transition From LIBOR and Other IBORs to Alternative Reference Rates, [86 Fed. Reg. 66476](https://www.federalregister.gov/documents/2021/11/23/2021-23463/swap-clearing-requirement-to-account-for-the-transition-from-libor-and-other-ibors-to-alternative-reference-rates) (Nov. 23, 2021).

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reference rates, namely RFRs like the Secured Overnight Financing Rate (“SOFR”), the regulatory framework, i.e., the Commission’s clearing requirements, applied to the underlying obligations should change as well.

Market participants have taken multiple steps in preparation for the cessation of IBORs and LIBOR, and there has been a corresponding material transition to the use of SOFR and other RFRs for OTC contracts. As a result, liquidity in swaps referencing SOFR has grown, and will continue to grow, sufficient to justify the Commission making a clearing requirement determination for these contracts. Accordingly, we encourage the Commission to update the clearing requirement to include swaps referencing SOFR with maturities ranging from 7 days to 50 years.

The RFI notes that the U.K. Financial Conduct Authority has determined that USD LIBOR in the overnight and 12-month tenors will cease after June 30, 2023, and that USD LIBOR in 1-month, 3-month and 6-month tenors will not be representative after that date.³ Until such time, we believe the Commission should maintain its clearing requirement for USD LIBOR as it continues to monitor the developments associated with LIBOR’s cessation.

We would be happy to elaborate further on any of the points raised in this letter. For further information please contact Daniel Austin, AIMA’s Director of U.S. Policy and Regulation, by phone at 202-919-4940.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "J. Król", is positioned below the closing text.

Jiří Król
Deputy CEO, Global Head of Government Affairs
AIMA

³ *Id.* at 66478.