

June 30, 2023

Submitted electronically via CFTC Comments Portal

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

Re: Derivatives Clearing Organization Risk Management Regulations to Account for the Treatment of Separate Accounts by Futures Commission Merchants (RIN 3038–AF21)

Dear Mr. Kirkpatrick:

Symphony Communication Services, LLC (“**Symphony**”) respectfully submits this letter to comment and respond to questions presented by the Commodity Futures Trading Commission (“**Commission**”) on the proposed amendments to its derivatives clearing organization (“**DCO**”) risk management regulations to permit futures commission merchants (“**FCMs**”) that are clearing members to treat the separate accounts of a single customer as accounts of separate entities for purposes of certain Commission regulations.¹

Symphony is a financial services market infrastructure and technology platform, providing secure and compliance enabling communication connectivity between more than 1,000 financial market institutions and over 500,000 individual users. Communications sent on Symphony’s platform are end-to-end encrypted and can be stored by Symphony’s customers. Symphony’s platform enables customer retention and archiving of end-to-end encrypted communications to satisfy record keeping and other compliance obligations.

Symphony appreciates the opportunity to provide comments on the Proposal and supports the Commission’s efforts to modernize its approach to oversight. In particular, Symphony wishes to emphasize the technological capabilities that exist to facilitate compliance with certain components of the Proposal, as described below.

¹ Derivatives Clearing Organization Risk Management Regulations To Account for the Treatment of Separate Accounts by Futures Commission Merchants, 88 Fed. Reg. 22934 (Apr. 14, 2023) (the “**Proposal**”); available at <https://www.govinfo.gov/content/pkg/FR-2023-04-14/pdf/2023-06248.pdf>.

Comments on the Proposed Rules

Proposed Rule 39.13(j)(4) – Margin Call Deadlines

Proposed Rule 39.13(j)(4) would implement a one-business-day margin call deadline, requiring margin calls by 11:00 a.m. Eastern Time on a United States business day.²

Symphony encourages the Commission to consider how technology can aid market participants in complying with the proposed Rule 39.13(j)(4). In order to meet margin calls within the specified time period, the Commission would, presumably, rely upon the speed of communication to meet such compliance obligations.

Symphony believes that modern, interoperable communication methods can help enable reliable and efficient communication, which in turn would reduce the risk of errors. Technology service providers, such as Symphony, have the ability to interoperate with other technology systems, including those provided by DCOs.

For example, Symphony's systems permit real-time chat communication, whereby the parties can ascertain that messages have been delivered and read. Further, Symphony's technology allows the identity of message recipients to be verified and kept up to date by the recipient's respective business.

As discussed in more detail below, the identity and directory services provided by Symphony present an opportunity to improve efficiency across technology systems. By utilizing these features, market participants have the ability to message key operational contacts at various counterparties, even from their own native application. Market participants can also be sure that the correct individuals are receiving and reading the notifications that are sent through Symphony. A persistent and recorded chat function allows all relevant information about a query or issue to be kept in the one place, ensuring comprehensive information flow and record keeping.

Proposed Rule 39.13(j)(11) – Maintaining and Verifying Contact Information

Proposed Rule 39.13(j)(11) would require clearing members to maintain current contact information of an authorized representative and verify that such person is in fact an authorized representative of the customer.³ Symphony believes that a widely used industry platform that is available to financial institutions could be a reliable method for complying with the obligations under proposed Rule 39.13(j)(11).

Symphony provides an enhanced directory service for the exchange of organizational data with trusted third parties. Symphony's enhanced directory service standardizes internal directories and provides entitlement controls for sharing bilaterally between counterparties, including portfolio managers, traders, research analysts and sales teams.

² Proposal at 22941.

³ *Id.* at 22944.

As a technology platform that provides a cost-effective method of identity verification by the relevant employer or company, Symphony enables its users to maintain, verify and update the contact information for authorized representatives. Symphony allows its customers to create verified groups of operations professionals who, for example, are involved with trade reconciliation matters. Verification is provided by the relevant corporate entity, and the information provided includes real time presence information as well as whether a message has been read. While other technology solutions may exist to ensure accurate and up-to-date contact information, not all solutions provide the proper availability to the operational staff within the industry while also being cost-efficient.

Symphony believes that technological services such as those provided by Symphony and its enhanced directory service can support the Commission's objective of requiring clearing members to maintain current contact information of an authorized representative and verify that such person is in fact an authorized representative of the customer. At a time of crisis, Symphony believes that services like this can facilitate better, faster, and more efficient communications to reconcile issues like margin deficits by FCM customers.

Conclusion

Symphony thanks the Commission for its continued commitment to an open dialogue with technology providers and your consideration of our comments. If you have any questions or require additional information, please do not hesitate to contact us by reaching out to me directly.

Respectfully Submitted,

Corinna Mitchell

Corinna Mitchell
General Counsel
Symphony Communication Services, LLC

cc: The Honorable Rostin Behnam, Chairman
The Honorable Kristin Johnson, Commissioner
The Honorable Christy Goldsmith Romero, Commissioner
The Honorable Summer Mersinger, Commissioner
The Honorable Caroline Pham, Commissioner