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- **17 CFR Part 23**
- **RIN Number 3038-AF33**
- **Capital and Financial Reporting Requirements for Swap Dealers and Major Swap Participants**

Dear Mr. Kirkpatrick.

Thank you very much for giving us the opportunity to comment on your proposed rule on Capital and Financial Reporting Requirements for Swap Dealers and Major Swap Participants.

The Commodity Futures Trading Commission (CFTC) proposes to amend certain of the CFTC's Part 23 regulations that impose minimum capital requirements and financial reporting obligations on swap dealers (SDs) and major swap participants (MSPs). The CFTC proposes to do this by codifying parts of staff interpretive letter 21-15 to SDs addressing the Tangible Net Worth Capital Approach for calculating capital under CFTC regulation 23.101 and no-action letter 21-18 (and its successor no-action letter 23-11) regarding alternative financial reporting by SDs subject to the capital requirements of a prudential regulator (together, "CFTC Letters"). The CFTC is also proposing to amend certain of its Part 23 regulations applicable to SDs, in areas including the required timing of certain notifications, the process for approval of subordinated debt for capital, and the revision of financial reporting forms to conform to the rules. The proposed amendments are intended to make it easier for SDs to comply with the CFTC's financial reporting obligations and demonstrate compliance with minimum capital requirements.

I generally agree with the proposed rule. By codifying and clarifying several ambiguities within the CFTC Capital Rule, the proposals will enhance the clarity of financial reporting requirements, streamline many financial computations, harmonize reporting practices and increase regulatory efficiency, all with no loss of amenity.

I strongly support proposed § 23.105(c)(4), which states that “A swap dealer or major swap participant must provide written notice within two business days to the Commission and to the registered futures association of which it is a member of a substantial reduction in capital as compared to that last reported in a financial report filed with the Commission pursuant to this section.” The addition of a concrete reporting timeline will provide regulatory certainty regarding when such a filing is due, and align with current FCM capital reduction timing requirements.

In addition, I strongly support proposed § 23.105(e)(4)(v), which states that the annual financial report must include “A reconciliation of any material differences from the unaudited financial report prepared as of the swap dealer’s or major swap participant’s year-end date under paragraph (d) of this section and the swap dealer’s or major swap participant’s annual financial report prepared under this paragraph (e) or, if no material differences exist, a statement so indicating”. Requiring a specific statement that no material differences exist when none are otherwise reported will provide more complete and meaningful information to users of the financial reports, and align the filing approach for auditors of nonbank SDs and nonbank MSPs with that of FCMs.

Finally, I strongly support the proposed amendment to § 23.100 that would specifically permit International Financial Reporting Standards (IFRS) to be used in the test to determine tangible net worth. This amendment is crucial in order to clarify and simplify the interpretation and implementation of the tangible net worth test for eligible non-bank SDs.

Yours sincerely

C.R.B.

Chris Barnard