| asset management group

May 14, 2012

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Procedures To Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades—RIN 3038–AD08

Dear Mr. Stawick:

The Asset Management Group (the "**AMG**")[1] of the Securities Industry and Financial Markets Association ("**SIFMA**") appreciates the opportunity to provide the Commodity Futures Trading Commission (the "**Commission**") with comments regarding its proposed procedures for establishing appropriate minimum block sizes for large notional off-facility swaps and block trades (together, "**block trades**").[2]

As we discussed in the AMG November 24, 2010 and February 7, 2011 comment letters,[3] we believe that robust and flexible block trading is an essential component of liquid swap markets. End users, including many of the funds that members of the AMG advise, rely on swap dealers to offer block trading capability so that the end user can execute large orders, including for hedging

[1] The AMG's members represent U.S. asset management firms whose combined assets under management exceed $20 trillion. The clients of AMG member firms include, among others, registered investment companies, ERISA plans, and state and local government pension funds, many of whom invest in swaps as part of their respective investment strategies.

[2] Procedures To Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades, 77 Fed. Reg. 15,460 (Mar. 15, 2012) (amending 17 CFR Part 43) (the "**Reproposal**").

[3] The AMG November 24, 2010 comment letter ("**AMG November 24, 2010 comment letter**") is available at http://comments.cftc.gov/PublicComments/ViewComment.aspx?id=27218. The AMG February 7, 2011 comment letter ("**AMG February 7, 2011 comment letter**") is available at http://comments.cftc.gov/PublicComments/ViewComment.aspx?id=27614.

purposes, at a single negotiated price without signaling to the market important information about the end user's position or trading strategy. For dealers to be willing to enter into block trades at competitive prices, information about the block trade must not be reported to the market until sufficient time has elapsed to permit the dealer to hedge its exposure. Under a post-trade public reporting system that gives dealers sufficient time to hedge, the dealer will execute the block trade at a price based on the anticipated amount of risk and cost the dealer will incur in the transaction, reflected in the bid-ask spread. However, providing other market participants access to information about the block trade shortly after its execution will result in a "winner's curse"—in other words, it will permit "front running" by those market participants in the hedge market.

The consequent additional risk and cost borne by the dealer will be passed on to end users in the form of higher bid-ask spreads for block transactions, resulting in lower liquidity. If the block trade size threshold is set too high, end users will need to break up large transactions they would rather otherwise execute as blocks into smaller transactions so as to avoid signaling information to other market participants that they could use to front run the trade. This fragmentation of the block into smaller lots will significantly increase costs for an end user in two ways. First, the fact that the end user will enter into several smaller transactions rather than one overall block transaction will increase overall transaction costs. Second, the price that the end user pays for each subsequent transaction will increase as market dynamics react to the end user's series of trades.

Anticipating this potential harm to the market, the drafters of the Dodd-Frank Act in Section 727 required the Commission to adopt rules: "(ii) to specify the criteria for determining what constitutes a large notional swap transaction (block trade) for particular markets and contracts; (iii) to specify the appropriate time delay for reporting large notional swap transactions (block trades) to the public; and (iv) *that take into account whether the public disclosure will materially reduce market liquidity*."[4] In our view, this statutory requirement to take into account the effect on market liquidity of public disclosure of block transactions renders the Commission's rulemaking in this area an empirical, rather than normative, exercise. In other words, the key determinative factor in what size transaction constitutes a block trade must be the impact on liquidity. As a result, we believe that the Commission should take a gradual and iterative approach to implementing block trade size thresholds to avoid unnecessary disruption to liquidity in the swap market. We also believe that this focus on liquidity requires the Commission to consider how its swap market regulations, as a whole, balance the cost of decreased swap market liquidity against the theoretical benefits of increased pre- and post-trade price transparency. We believe that there is no benefit of real-time reporting of large trades that are

[4] 7 U.S.C. § 2(a)(13)(E) (emphasis added).

functionally executed as blocks, as block trades are frequently quoted or executed at off-market prices that do not appropriately reflect the price at which smaller trades can be executed in the market.

Accordingly, in this letter, we suggest an approach that, after an initial one-year data collection period, would gradually phase in block trade size thresholds. Under our suggested approach, which we describe in greater detail below, the Commission would collect information about swap market liquidity during the first year that market participants report data to swap data repositories ("**SDRs**"). The Commission would use that information to set low initial block trade size thresholds for each swap category. Each quarter, the Commission would analyze swap market data for each swap category from the previous quarter. In particular, the Commission would determine whether there was a significant decrease in liquidity, or increase in bid-ask spreads, among swaps in sizes not meeting, but close to, then-current block trade size thresholds. If the Commission found that liquidity significantly decreased or bid-ask spreads significantly increased over the quarter, the Commission would lower the threshold accordingly. If, however, the Commission found that liquidity did not decrease and bid-ask spreads did not increase significantly for the largest swaps under the block trade size threshold, the Commission would then consider the appropriateness of raising the threshold.

We believe that this gradual and iterative approach has become necessary because of the extremely short delays for real-time reporting of block trades adopted by the Commission in its final rules and the decrease in swap market liquidity that we believe will result.[5] We continue to believe, as stated in our prior comment letters,[6] that these delays are insufficient to permit swap dealers to fully hedge block transactions in a cost-efficient and commercially reasonable manner. Higher costs will result in higher bid-ask spreads, reduced liquidity and, ultimately, lower returns realized by the investors whose assets are managed by our members. Decreased access to block trades and increased costs will make it harder for end users to hedge risk, which will increase the volatility of those end users' returns.

In particular, we are troubled by the 30-minute delay for public dissemination of block trade information for swaps subject to mandatory clearing or executed pursuant to the rules of a registered swap execution facility ("**SEF**") or designated contract market ("**DCM**"), which will decrease to 15 minutes after the first year.[7] We do not believe that the Commission's cost-benefit analysis in

[5] Real-Time Public Reporting of Swap Transaction Data, 77 Fed. Reg. 1182, 1217 (Jan. 9, 2012).

[6] *See* AMG February 7, 2011 comment letter and AMG November 24, 2010 comment letter.

[7] 17 C.F.R. § 43.5(d), (e)(2).

the Part 43 real-time reporting rules sufficiently explored or balanced the harmful effects on liquidity and costs relative to the increased transparency that such short delays may provide.[8] Nor do we believe that the Commission's comparison of the swap market to the futures market in developing block information dissemination delays[9] is apt. The short 5- to 15-minute delays in the futures markets have resulted in relatively few futures block transactions. Precisely to avoid the harmful results we describe above, market participants with large positions have turned to the over-the-counter swap markets rather than to the futures markets. Imposing a short 15-minute delay on the swap markets will shut off this "safety valve" and make it more—rather than less—costly for end users to transact in block trades. As stated in our previous comment letters,[10] we believe that a 24-hour delay, or even the 8- to 26-hour delay proposed by the SEC, would better enable block liquidity providers to offset their risk free of front running. Such a longer delay would also make the block trade threshold determination less critical. We continue to believe that a scaled approach providing for significantly longer delays for less liquid instruments would be most appropriate.

We also believe it is imperative for block trade size thresholds to be set at appropriately low levels so that large or illiquid swaps are not forced to be traded through SEF order books or request-for-quote ("**RFQ**") systems, particularly if the Commission's proposal to require liquidity seekers on RFQ systems to request quotes from multiple liquidity providers is adopted. In its proposed SEF rules, the Commission recognized that block trades are most appropriately executed "off-exchange."[11] As a result, Rule 37.9(c) permits block transactions to be executed not only through such an order book or RFQ system—standard forms of SEF trading—but also through a voice-based system or any other system permitted by the Commission. The ability to use these other methods of trading will be critical for the development of a well-functioning swap market as they prevent market participants from becoming aware that an illiquid swap or swap of significant size is about to be hedged in the market. If the CFTC's proposal on broadcasting RFQs to a minimum number of providers is adopted, liquidity seekers' could provide other market participants with the information needed to front run the successful dealer in the hedge market. As a result, we believe that the SEF/DCM rules and block trade size threshold rules are closely interlinked, and that the Commission should implement lower block trade size thresholds to avoid significant decreases in liquidity or increases in bid-ask spreads.

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[8] *See* 77 Fed. Reg. at 1232-40.

[9] *See* Real-Time Public Reporting of Swap Transaction Data, 75 Fed. Reg. 76,140, 76,159 (proposed Dec. 7, 2010).

[10] *See* AMG February 7, 2011 comment letter and AMG November 24, 2010 comment letter.

[11] *See* Core Principles and Other Requirements for Swap Execution Facilities, 76 Fed. Reg. 1214, 1218 n.37 (proposed Jan. 7, 2011).

To implement our suggested approach, we would propose that:

- The Commission should treat every swap as a block for a one-year data collection period and then gradually and iteratively phase in block trade size thresholds by swap category.
- The swap categories used should be further subdivided to better separate swaps with different liquidity characteristics.
- The Commission should not use a single calculation methodology for all swap categories and, in particular, the 67% calculation methodology in the Reproposal would generate block trade size thresholds that are underinclusive in most swap categories.
- The Commission should allow block trade information dissemination delays for equity swaps, based on the liquidity of the underlying indices.
- The Commission should identify a minimum liquidity threshold for swap categories, and all trades in swap categories below this threshold should be treated as blocks.
- SEFs and DCMs should not be permitted to set block trade size thresholds above the minimum level mandated by the Commission.
- The notional cap size should be set at the minimum block trade size threshold, rather than at a higher level.

The Commission should treat every swap as a block for a one-year data collection period and then gradually and iteratively phase in block trade size thresholds by swap category.

We suggest that the Commission treat every swap as a block, and delay implementing block trade size thresholds, until at least one year after market participants start reporting swap data to SDRs.[12] As stated in the joint trade group

[12] We note that the Commission has embraced the importance of collecting and analyzing swap data reported to SDRs in adopting a phase-in de minimis threshold for swap dealer activity and reassessing that threshold through a study due two and a half years after swap data are first reported to SDRs. *See* Further Definition of "Swap Dealer," "Security-Based Swap Dealer," "Major Swap Participant," "Major Security-Based Swap Participant" and "Eligible Contract Participant" at 566-67 (Apr. 18, 2012) (section to be codified at 17 C.F.R. § 1.3(ggg)(4)(ii)), available at http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/federalregister041812b.pdf. We believe the Commission should use the same approach here.

November 4, 2011 comment letter,[13] we believe that until a liquid swap trading market develops on SEFs and DCMs and data about those swaps are reported to SDRs, it will be difficult for the Commission to make informed decisions on the appropriate breadth of swap categories that will share a block trade threshold or on what those block trade size thresholds should be.

At the end of the one-year data collection period, the Commission should gradually and iteratively phase in block trade size thresholds by swap category. By starting with a low block trade size threshold for a given swap category, and gradually increasing that threshold when appropriate, the Commission can avoid the disruption to the swap markets that would result from an inappropriately high initial threshold. The Commission will be able to assess whether increasing the threshold is appropriate by looking at the liquidity and bid-ask spreads of the swaps that are not blocks but are close to the block trade size threshold.

For example, the data that the Commission collects during the one-year data collection may indicate that an initial 25% notional calculation methodology is appropriate. After having this 25% notional calculation methodology in place for a fiscal quarter, the Commission might find over that quarter, for example, a significant decrease in liquidity and an increase in bid-ask spread among long-dated, large spread, off-the-run credit default swaps ("**CDS**") near the calculated block trade size threshold. The Commission could then choose to decrease the notional threshold for such swaps. At the same time, the Commission might find that, over that quarter, no such decrease in liquidity, or increase in bid-ask spread, occurred among liquid, short-dated interest rate swaps near the calculated block trade size threshold. The Commission could choose to leave the notional calculation for such swaps at the 25% level or, if the Commission believes that increasing the level could increase transparency, the Commission could choose to increase the threshold. We believe that such an approach has the dual benefits of avoiding interruptions to the swap markets and calibrating block trade size thresholds that appropriately differentiate between swap categories.

We believe that the benefits of this approach significantly outweigh its costs. We think that any additional work that would be required of the Commission or market participants would be marginal and the benefits of less-diminished liquidity would outweigh any costs. For example, under either the Reproposal or the alternative that we propose herein, market participants would look on the Commission's website to find the calculated block trade size threshold.

We think it is important that reassessments of block trade size thresholds

[13] The SIFMA, Futures Industry Association, and International Swaps and Derivatives Association November 4, 2011 comment letter is available at http://comments.cftc.gov/PublicComments/ViewComment.aspx?id=49954.

be done quarterly, rather than annually as proposed by the Commission.[14] As we stated in the context of the Commission's proposal on the "made available to trade" determination,[15] the liquidity of a particular swap can differ dramatically over the course of a year. In particular, rapid changes in market liquidity might occur during the first several years after the implementation of Title VII rulemaking. For the same reason (*i.e.,* changes in market liquidity during short periods of time), we believe that these reassessments should look to data on swaps executed since the previous reassessment, rather than from a three-year data window as proposed by the Commission.

The swap categories used should be further subdivided to better separate swaps with different liquidity characteristics.

We believe that the swap categories in the Reproposal are too broad to allow for one standard block trade size threshold across the entire category. While the categories are a significant improvement over the original proposal, which only separated block trades by asset class, we believe that the Commission should further subdivide the swap categories so that swaps with significantly different liquidity and other trading characteristics are not grouped together and subject to the same block trade size threshold. Broad swap categories will lead to a notional amount that is inappropriate for most of the swaps in that category—too high for some and too low for others.

We agree with the Commission that swaps with significantly different tenors have different liquidity characteristics that warrant different block trade size thresholds.[16] We also agree with the Commission that the tenor buckets into which swaps are divided should not be uniform. For example, the Commission has created an interest rate swap tenor grouping of swaps from three to six months and another from ten years to thirty years.[17] However, we do not believe that the Commission has divided these tenor groupings enough. With respect to interest rate swaps, we believe that the eight time groupings in the Reproposal should be divided into nine, with groupings of 0-3 months, 3-6 months, 6-18 months, 1.5-3 years, 3-7 years, 7-12 years, 12-20 years, 20-30 years, and greater than 30 years. With respect to CDS, we believe that the six time groupings in the Reproposal

[14] Reproposal § 43.6(f)(2).

[15] *See* the AMG February 13, 2012 comment letter, available at http://comments.cftc.gov/PublicComments/ViewComment.aspx?id=56625.

[16] *See, e.g.*, 77 Fed. Reg. at 15,470 (proposing swap categories in the interest rate asset class based on tenor and noting "[t]enors were associated with concentrations of liquidity at commonly recognized points along the yield curve.").

[17] 77 Fed. Reg. at 15,471.

should be divided into nine by dividing the 4-6 year tenor category into groupings of 4-4.5 years, 4.5-5 years, 5-5.5 years and 5.5-6 years. We believe that such groupings would better approximate sets of swaps with similar liquidity characteristics that can appropriately share a block trade size threshold.

We also believe that the Commission should use additional criteria in dividing swaps into swap categories. In particular, we believe the Commission should subdivide the existing swap categories using the following criteria:

- **"On-the-run" vs. "off-the-run" CDS indices.** CDS indices trade in series, with the current series referred to as "on-the-run" and older series referred to as "off-the-run." When a new series is introduced, and the previously on-the-run series becomes off-the-run, a significant amount of trading activity migrates to the new on-the-run series. For example, a recent DTCC study on the CDX North American Investment Grade index found that swaps on the on-the-run series, CDX.NA.IG.17, traded on average 268 times a day while swaps on the prior series, CDX.NA.IG.16, traded on average 49 times a day.[18] DTCC similarly found that, for the three most recent off-the-run series of the CDX.NA.IG index, the trading frequency of the series decreased by 80-86% from the series' on-the-run trading frequency. As a result, even if the tenor of two index CDS transactions is the same, the liquidity may differ significantly depending on whether the index series referenced is on-the-run or off-the-run. We believe that each CDS swap category should be further subdivided into two swap categories, one for on-the-run CDS and the other for off-the-run CDS.
- **Optionality or other special characteristics in interest rate swaps.** Interest rate swaps may include optionality or other distinguishing characteristics. In general, the more complex the interest rate swap, the less liquid that swap is. We would suggest that the groupings include "plain vanilla," interest rate options, and "other."
- **Individual currency for interest rate swaps.** Rather than dividing interest rate swaps into individual currencies, the Commission has chosen to divide interest rate swaps into swap categories based on whether the underlying currency is "super-major," "major" or "non-major."[19] We believe that these groupings are too broad. Instead, as for foreign exchange swaps, we recommend the Commission create a different swap category for each unique currency. We believe it is most important that

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[18] Market Liquidity – On-the-run Index Trading Report, The Depository Trust & Clearing Corporation, DTCC Deriv/SERV, April 16, 2012, available at http://dtcc.com/products/derivserv/data_table_snap0018.php. For further information regarding the data included in the DTCC report, see http://dtcc.com/downloads/products/derivserv/CSC_ICC_Index_Study_0412_draft_v3.pdf.

[19] 77 Fed. Reg. at 15,471.

the Commission divide the "super-major" currencies into individual categories for each currency, as interest rate swaps referencing different "super-major" currencies vary significantly in their liquidity.

- **Major floating rate indices for interest rate swaps.** Much like the way interest rate swaps on different currencies exhibit different liquidity characteristics, swaps on different major floating rate indices exhibit different liquidity characteristics. We believe that for those currencies in which swaps are traded on multiple major floating rate indices, swaps on different major indices should comprise separate swap categories.

Increasing the number of swap categories will not be overly burdensome to market participants.[20] Information regarding block trade size thresholds will be available on the Commission's website and will be easy for market participants to find.[21]

The Commission should not use a single calculation methodology for all swap categories and, in particular, the 67% calculation methodology in the Reproposal would generate block trade size thresholds that are underinclusive in most swap categories.

We do not think that a single calculation methodology, such as the 67% methodology proposed by the Commission, is appropriate to identify block trades across all swap categories. Instead, as outlined above, we believe that the Commission should start with a low block trade size threshold for all swap categories and then analyze the liquidity and bid-ask spread effects of raising the threshold for each swap category individually. This approach may or may not result in a similar calculation methodology for all swap categories, but it will allow the Commission to come to the appropriate conclusion through careful analysis.

In particular, we believe that the 67% notional amount calculation proposed by the Commission will generate block trade size thresholds that are underinclusive for most swap categories. While the 67% calculation is an improvement from the original proposal's 5% cap on the number of swap transactions that can qualify as block transactions in a swap category, the improvement would only be marginal as the number of trades that qualify as blocks with the 67% calculation will depend on the distribution of the notional sizes of trades in the swap category. The Commission notes, for example, data from the OTC Derivatives Supervisors' Group that shows that the 67% notional calculation would result in only 6% of interest rate swap and CDS trades

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[20] *See* 77 Fed. Reg. at 15,467.

[21] Reproposal § 43.6(f)(3).

qualifying as blocks during the initial period.[22] We believe, from our own experience trading these instruments, that far more than 6% of interest rate swaps and CDS are of a size that have the potential to move market prices significantly and will need to rely on delays in public information dissemination to allow appropriate hedging of the block position. If only 6% of interest rate swaps and CDS are treated as blocks, the result, as stated above, will be fragmentation of trades that are functionally blocks, increasing both the transaction costs and the swap pricing costs for end users.

As stated in the AMG February 7, 2011 comment letter,[23] in the judgment of our members, the number of swaps that qualify as block trades in a given swap category should vary from 20% to 33%. The exact calculation that would apply to any given swap should depend on liquidity and be calibrated by the Commission every three months based on observed changes in liquidity and bid-ask spreads. Thus, while we believe the Commission's suggested 50% notional calculation is also underinclusive, as approximately 14% or 15% of interest rate swaps and CDS, respectively, would be treated as blocks in the initial period,[24] we believe that a 50% notional calculation is considerably more favorable than the 67% notional calculation currently proposed.

The Commission should allow block trade information dissemination delays for equity swaps, based on the liquidity of the underlying indices.

The Commission has proposed to categorize all equity swaps as part of a single swap category and not allow any equity swaps to qualify for block trade treatment. We believe that the Commission should divide equity swaps into at least two swap categories based on the liquidity of the underlying cash market, and allow block trades in all swap categories other than the one with the most-liquid underlying indices.

The Commission bases its denial of block trade treatment to equity swaps largely on the existence of a highly liquid underlying cash equity market and the goal of avoiding opportunities for regulatory arbitrage.[25] We understand that

[22] 77 Fed. Reg. at 15,481 n.198.

[23] *See* AMG February 7, 2011 comment letter.

[24] 77 Fed. Reg. at 15,481 n.198.

[25] In particular, the Commission cites:

- "the existence of a highly liquid underlying cash market;
- the absence of time delays for reporting block trades in the underlying equity cash market;
- the small relative size of the equity index swaps market relative to the futures, options and cash equity index markets; and

(…continued)

some equity indices are highly liquid and that, as a result, the "winner's curse" is less likely to occur and block trade treatment is less critical. However, we believe those swap trades that reference less liquid underlying equity indices should be eligible for block trade exemptions, consistent with the methodology used for other swap categories, the Commission's logic for denying block trade information delays to equity swaps—that the underlying equity is sufficiently liquid and transparent so as not to necessitate a delay—will not apply to these swap categories. To the extent that the CFTC requires RFQs to be broadcast to multiple participants, these less liquid equity swaps should be granted block status and, therefore, exempted from mandatory RFQ or order book trading in order to prevent signaling the market of the block trade and the front-running that could result. The precise number of swap categories should depend on the distribution of liquidity for equity swaps, as determined by the Commission's analysis of data collected during the one-year data collection period. Such an approach will appropriately balance the Commission's mandates to promote pre- and post-trade price transparency while protecting swap market liquidity.

The Commission should identify a minimum liquidity threshold for swap categories, and all trades in swap categories below this threshold should be treated as blocks.

In very illiquid swap categories, a single transaction of any size may have a significant impact on market price and may necessitate a delay in public information dissemination for dealers to hedge out the risk of the swap. In other words, all swaps in a particular swap category may be block trades. As a result, we recommend that the Commission set a minimum liquidity threshold below which all trades in that specific swap category would be considered blocks, regardless of size. For example, we think it is appropriate to treat as blocks all swaps in swap categories in which, on average, fourteen or fewer transactions occur per business day between periods in which the Commission reassesses the block trade size thresholds.

SEFs and DCMs should not be permitted to set block trade size thresholds above the minimum level mandated by the Commission.

We believe that market participants should face the same block trade size threshold for a given swap regardless of the SEF or DCM on which the swap is listed. However, the Reproposal states that "SEFs and DCMs would not be

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- the Commission's goal to protect the price discovery function of the underlying equity cash market and futures market by ensuring that the Commission does not create an incentive to engage in regulatory arbitrage among the cash, swaps, and futures markets."

77 Fed. Reg at 15,484.

prohibited under this Further Proposal from setting block sizes for swaps at levels that are higher than the appropriate minimum block sizes as determined by the Commission."[26] We see no reason to believe that a swap that is functionally a block trade on one SEF or DCM should not be a block trade on all SEFs and DCMs. Dealers entering into swap trades must hedge the swap in the same markets regardless of the SEF or DCM on which the swap is executed.

We believe that allowing SEFs and DCMs to set a block size threshold above the minimum level mandated by the Commission, without any guidance as to how or when to do so, is inconsistent with the Commission's statutory duty "to specify the criteria for determining what constitutes a large notional swap transaction (block trade) for particular markets and contracts."[27] In addition, we believe that SEFs and DCMs may have incentives to raise the block size threshold above the Commission's minimum that do not align with the statutory directive to maintain liquidity. Finally, we believe that it would be overly burdensome for market participants to keep track of different block trade size thresholds for the same swap. As a result, we believe the Commission should require all SEFs and DCMs to set their block trade size threshold at the minimum block trade size threshold amount calculated by the Commission.

The notional cap size should be set at the minimum block trade size threshold, rather than at a higher level.

The Commission proposes a notional cap number above which the size of any swaps will be publicly reported simply as being above that cap. We agree with this approach and think it is necessary to protect the identity of swap market participants that enter into swaps large enough to be individually identified. However, we believe that the Commission should set this notional cap size at the minimum block trade size threshold, rather than at a higher notional amount set through a 75% notional calculation. The Commission has determined that delayed public reporting is necessary to protect market liquidity and has determined the methodology for calculating block size at which that protection is needed. The reported notional cap sizes should be set equal to the block sizes; otherwise, the added public dissemination could harm liquidity in the same manner that a higher block trade size threshold might.

[26] 77 Fed. Reg. at 15,467 n.91.

[27] 7 U.S.C. § 2(a)(13)(E) (emphasis added).

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The AMG appreciates the opportunity to provide the Commission with the above comments. Should you have any questions, please do not hesitate to call the undersigned at (212) 313-1389.

Respectfully submitted,

Timothy W. Cameron, Esq.
Managing Director, Asset Management Group
Securities Industry and Financial Markets Association