



May 2, 2016

Mary Jo White
Chair
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

RE: Proposed Rulemaking to Establish Standards for Operations and Governance of Covered Clearing Agencies

Dear Chair White:

The Institute of International Bankers (“**IIB**”), the International Swaps and Derivatives Association (“**ISDA**”) and the Securities Industry and Financial Markets Association (“**SIFMA**”)¹ (together, the “**Associations**”) are appreciative of the efforts of the Securities and Exchange Commission (the “**SEC**” or “**Commission**”) to establish rules providing standards for

¹ IIB is the only national association devoted exclusively to representing and advancing the interests of the international banking community in the United States. Its membership is comprised of internationally headquartered banking and financial institutions from over 35 countries around the world doing business in the United States. The IIB’s mission is to help resolve the many special legislative, regulatory, tax and compliance issues confronting internationally headquartered institutions that engage in banking, securities and other financial activities in the United States. Through its advocacy efforts the IIB seeks results that are consistent with the U.S. policy of national treatment and appropriately limit the extraterritorial application of U.S. laws to the global operations of its member institutions. Further information is available at www.iib.org.

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 850 member institutions from 67 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org.

SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over \$2.5 trillion for businesses and municipalities in the U.S., serving clients with over \$20 trillion in assets and managing more than \$67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

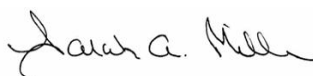
operations and governance of covered clearing agencies (the “**Covered Clearing Agency Rules**”).² The Associations urge the Commission to move quickly to finalize this important rulemaking, in accordance with the globally agreed framework under the Principles for Financial Market Infrastructures (“**PFMI**”),³ in order to foster the recognition of U.S.-based central counterparties (“**CCPs**”) under the European Market Infrastructure Regulation (“**EMIR**”) and avoid the significant market disruptions that would arise should the adoption of this rule be further delayed.

Until the Commission finalizes its Covered Clearing Agency Rules, the European Commission (“**EC**”) will not have the basis to deem the SEC regime equivalent under EMIR, which is a needed step for certain U.S.-based CCPs to be recognized by the European Securities and Markets Authority (“**ESMA**”).⁴ Until they are recognized, market participants will be unable to satisfy any future EMIR clearing obligations applicable to products cleared at those particular U.S.-based CCPs.

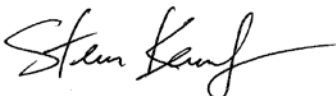
More immediately, however, non-recognition prevents them from being deemed qualified CCPs (“**QCCPs**”) under the European Capital Requirements Regulation (“**CRR**”), which imposes significant capital charges on EU-based entities with exposure to non-QCCPs. Absent QCCP designation, or further extensions by the EC, these onerous capital charges will be triggered on June 15, 2016. As a result, key EU clearing members, representing some of the world’s largest financial institutions and accounting for a significant volume of clearing business, will be driven from U.S. CCPs. This outcome will unnecessarily fragment markets, significantly reduce liquidity in key fixed income (i.e., U.S. Treasury and government agency securities) and options (i.e., U.S. listed equity and futures) markets and limit the availability of certain important services (i.e., clearing, risk management, netting and settlement). Further, this will have the inverse effect of increasing concentration risk for those clearing members that are able to remain on U.S. CCPs – a counterintuitive result to Dodd-Frank’s risk management goals.

The Associations appreciate your attention to this matter. We urge the Commission to act swiftly to finalize its Covered Clearing Agency Rules and work with the EC on an equivalence determination, a necessary step to the recognition of U.S. CCPs under EMIR, in order to avoid the negative ramifications described above. If you have any questions, or require any further information, please feel free to contact the undersigned.

Regards,



Sally Miller
Chief Executive Officer
IIB



Steven Kennedy
Global Head of Public Policy
ISDA



Kenneth E. Bentsen, Jr.
President & CEO
SIFMA

² Securities and Exchange Commission Release No. 34-71699, 79 Fed. Reg. 16866 (March 26, 2014).

³ Available at: <http://www.bis.org/cpmi/publ/d101a.pdf>

⁴ The National Securities Clearing Corporation, The Fixed Income Clearing Corporation and the Options Clearing Corporation which have all applied for recognition under Article 25 of EMIR.

CC: Commissioner Kara M. Stein
Commissioner Michael S. Piwowar
Stephen Luparello, Director, Division of Trading and Markets
Gary Goldsholle, Deputy Director, Division of Trading and Markets