

September 30, 2013

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232 Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204 Capitol
Washington, DC 20515

Dear Speaker Boehner and Leader Pelosi:

We are writing to express SIFMA's strong support for H.R. 992, legislation related to Section 716 of the Dodd-Frank Act.

Section 716 requires commercial banks to push out or remove certain swaps activities from the bank and establish and capitalize a separate affiliate. As a result, clients of these financial institutions would no longer be eligible for netting and other efficiencies that currently exist when doing business with one entity. SIFMA is concerned that clients will migrate their swaps contracts to other entities which are not subject to prudential regulation by federal regulators. As a result, systemic risk may be increased instead of reduced. Finally, Section 716 reduces the ability of banks to mitigate their own risks and would increase funding costs.

H.R. 992 modifies Section 716 of the Dodd-Frank Act by requiring only structured finance swaps based on asset-backed securities to be pushed out of banks and not applying 716 to equity or commodity swaps. The net effect of these changes is to expand permissible swap activities within a bank and to only exclude swaps based on asset-backed securities that are un-regulated and not of a credit quality established by regulation.

SIFMA strongly urges you to vote for H.R. 992. Thank you for your consideration of our views.

With kindest personal regards,



Kenneth E. Bentsen, Jr.
President

cc: Members of the House of Representatives