

November 16, 2016

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

Re: Supplemental Request for Commission Action – Part 50

Dear Mr. Kirkpatrick:

The International Swaps and Derivatives Association, Inc. (“**ISDA**”),¹ on behalf of its members and other market participants that engage in inter-affiliate swaps, is submitting its Supplemental Request to the Commodity Futures Trading Commission (the “**Commission**”) under Part 50 of the Commission regulations.

On October 11, 2016, ISDA filed a request with the Commission to exercise its authority pursuant to section 4(c) and other applicable provisions of the Commodity Exchange Act (“**CEA**”) to extend existing relief from certain conditions of the exemption from clearing for certain inter-affiliate swaps pursuant to Commission Regulation 50.52 (the “**Inter-affiliate Clearing Exemption**”). As of today, we have not received the requested relief.

In our October 11 submission, we requested that the Commission allow market participants relying on the Inter-affiliate Clearing Exemption to comply with the conditions set forth in paragraph (b)(4)(ii) or (iii) of Regulation 50.52 for an additional period of time, beyond the December 31, 2016 expiration date of relief provided pursuant to CFTC Letter No.15-63, in lieu of complying with the “outward-facing clearing” condition set forth in paragraph (b)(4)(i) of regulation 50.52. CFTC Letter 15-63 provides relief from compliance with the outward-facing swaps condition to the extent that swaps are required to be cleared according to Commission regulation 50.4.

¹ Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 800 member institutions from 68 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 web site: www.isda.org.

The current no-action relief applies to the four classes of interest rate swaps and two classes of credit default swaps that the Commission determined to be subject to the mandatory clearing requirement in its December 13, 2012 Mandatory Clearing Determination.²

On October 14, 2016, the Commission issued its Mandatory Clearing Determination to expand the existing clearing requirement to an additional four classes of interest rate swaps. The expanded interest rate swap classes include:

- fixed-to-floating interest rate swaps denominated in Australian dollar (AUD), Canadian dollar (CAD), Hong Kong dollar (HKD), Mexican peso (MXN), Norwegian krone (NOK), Polish zloty (PLN), Singapore dollar (SGD), Swedish krona (SEK), and Swiss franc (CHF);
- basis swaps denominated in AUD;
- forward rate agreements (FRAs) denominated in NOK, PLN, and SEK; and
- overnight index swaps (OIS) denominated in AUD and CAD, as well as U.S. dollar-, euro-, and sterling-denominated OIS with termination dates up to three years.³

In support of expanding the Mandatory Clearing Determination, the Commission noted in the October 14, 2016 final rule that interest rate swaps subject to the expanded Mandatory Clearing Determination were either currently subject, or likely to be subject to a clearing requirement in another jurisdiction.

The purpose of this Supplemental Request is to then request that the jurisdictions set forth in paragraph (b)(4)(ii) of Regulation 50.52 include, either through formal rulemaking, and if necessary, interim no-action relief, those jurisdictions that since the publication date of the Inter-Affiliate Clearing Exemption in 2013 have taken action towards implementing clearing mandates for interest rates swaps (“**New Clearing Law Jurisdictions**”). Enumerating New Clearing Law Jurisdictions in paragraph (b)(4)(ii) would be consistent with the Commission’s original comments in the Inter-Affiliate Clearing Exemption⁴. It is anticipated that any inclusion of New Clearing Law Jurisdictions in paragraph (b)(4)(ii) would be phased-in based on when the applicable interest rate swap clearing requirement takes effect. For example, Mexico and Australia would first be enumerated as jurisdictions under paragraph (b)(4)(ii) when the Commission’s clearing requirement for OIS denominated in AUD, basis swaps denominated in AUD, and fixed-to-floating interest rates swaps denominated in AUD and MXN take effect on December 13, 2016.

² Clearing Requirement Determination Under Section 2(h) of the CEA, 77 Fed. Reg. 74,284 (Dec. 13, 2012) (codified at 17 C.F.R. § 50).

³ Clearing Requirement Determination Under Section 2(h) of the Commodity Exchange Act for Interest Rate Swaps, 81 Fed. Reg. 71202 (Oct. 14, 2016) (codified at 17 C.F.R. § 50).

⁴ The Commission noted in support of drawing a distinction between affiliates in Japan, Singapore, and the European Union (together “**Clearing Law Jurisdictions**”) and affiliates not in Clearing Law Jurisdictions, the significant steps taken by Japan, Singapore, and the European Union to implement mandatory clearing.

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Thank you for your consideration of these concerns. Please do not hesitate to contact me if you have any questions.

Sincerely,



Bella Rozenberg

Senior Counsel/Head of Regulatory and Legal Practice Group

Certification Pursuant to Commission Regulation 140.99(c)(3)

As required by Commission Regulation 140.99(c)(3), I hereby (i) certify that the material facts set forth in the attached letter dated November 16, 2016 are true and complete to the best of my knowledge; and (ii) undertake to advise the Commission, prior to the issuance of a response thereto, if any material representation contained therein ceases to be true and complete.

Sincerely,



Bella Rozenberg

Senior Counsel/Head of Regulatory and Legal Practice Group