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Chris Barnard

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- **12 CFR Part 1221**
- **RIN 2590-AA45**
- **Margin and Capital Requirements for Covered Swap Entities**

Dear Mr. Pollard.

Thank you for giving us the opportunity to comment on your Interim final rule and request for comment on Margin and Capital Requirements for Covered Swap Entities.

The Agencies<sup>1</sup> are adopting and invite comment on an interim final rule that will exempt certain non-cleared swaps and non-cleared security-based swaps with certain counterparties that qualify for an exception or exemption from clearing from the initial and variation margin requirements promulgated under sections 731 and 764 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). This interim final rule implements Title III of the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA), which exempts from the Agencies' swap margin rules non-cleared swaps and non-cleared security-based swaps in which a counterparty qualifies for an exemption or exception from clearing under the Dodd-Frank Act. This interim final rule is a companion rule to the final rules adopted by the Agencies to implement section 731 and 764 of the Dodd-Frank Act.

#### Exemptions from the initial and variation margin requirements

I support your proposals, which will reduce regulatory burden and foster more efficient processes and risk management. I agree that the requirements should not impose initial and variation margin requirements on non-financial entities entering into non-cleared swaps and non-cleared security-based swaps that are used for hedging or mitigating commercial risk,

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<sup>1</sup> OCC, Board, FDIC, FCA and FHFA.

Please note that the comments expressed herein are solely my personal views

given that such transactions pose little or no systemic risk.<sup>2</sup> In principal I also support that the requirements should not impose initial and variation margin requirements on non-cleared swaps and non-cleared security-based swaps to which entities that are not systemically important are a party, as such transactions should pose little or no systemic risk.

Yours sincerely

C.R.B.

Chris Barnard

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<sup>2</sup> For completeness I would add that such derivatives should not be used to hedge or mitigate the risk of other derivative positions, unless those other positions themselves are held for the purpose of hedging or mitigating commercial risk.