



INVESTMENT INDUSTRY ASSOCIATION OF CANADA  
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

Ian C.W. Russell FCSI  
President & Chief Executive Officer

August 13, 2012

The Honorable Gary Gensler  
The Honorable Jill E. Sommers  
The Honorable Bart Chilton  
The Honorable Scott D. O'Malia  
The Honorable Mark P. Wetjen

Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21st Street, NW  
Washington, DC 20581  
<http://comments.cftc.gov>

Chairman Gensler and Commissioners Sommers, Chilton, O'Malia and Wetjen:

Re: July 12 Proposed Exemptive Order (RIN 3038-AD85)

The Investment Industry Association of Canada (the IIAC) appreciates the opportunity to comment on the proposed Exemptive Order Regarding Compliance with Certain Swap Regulations (the Proposed Exemptive Order), issued on June 29, 2012 by the U.S. Commodity Futures Trading Commission (the CFTC). We support the efforts of the Commission and its counterparts in other jurisdictions to take remedial actions to reduce systemic risk and increase transparency in the OTC derivative markets. These actions will strengthen investor confidence and contribute to more vibrant derivative markets in the United States and other global trading centers.

The Investment Industry Association of Canada is the national association of the Canadian investment industry that represents the interests of nearly 200 individual registered investment dealers, and their U.S. and non-U.S. affiliate firms. These firms carry out the vast majority of the financial advice, securities trading and underwriting business in Canadian capital markets.

The Proposed Exemptive Order will grant exemptive relief to allow non-U.S. swap dealers and non-U.S. major swap participants to delay compliance with certain entity-level requirements of the Commodity Exchange Act (CEA), subject to specified conditions. In addition, the proposed relief would allow non-U.S. swap dealers and non-U.S. major swap participants to exempt those transaction-level requirements when dealing with counterparties that are non-U.S. Persons. This relief would become effective concurrently with the date upon which swap dealers and major swap participants must first apply for registration and would expire 12 months following the publication of the Proposed Exemptive Order.



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The IIAC and its member firms commend the CFTC for drawing a distinction between transaction-level requirements and entity-level requirements to permit non-resident firms dealing in OTC swap transactions in U.S. markets to obtain relief from duplicative compliance rules, under defined terms of substitutable compliance. However, we are most concerned about the tight deadline for provisional registration, given the resources and time needed to determine whether, under the complex definition of "U.S. Persons", registration will be required, and, if so, the related need to implement registration requirements, such as appropriate reporting and record-keeping systems, proper connectivity to clearing and trading platforms, appropriate internal infrastructure, governance and control standards.

Further, the Proposed Exemptive Order stipulates that relief for certain non-U.S. swap dealers or foreign affiliates of U.S. swap dealers from certain transaction-level and entity-level requirements, provided such swap dealer submit a compliance plan to the National Futures Association (NFA) within 60 days following its registration that addresses how it plans to comply with all applicable transaction-level or entity-level requirements upon expiration of the Exemptive Order. The compliance plan must indicate whether the swap dealer would seek a comparability determination from the CFTC and rely on compliance with local requirements and, if so, a description of such requirements. This is an aggressive timeline to assess the requirements and implementation of compliance standards, particularly when many aspects of the Proposed Interpretive Guidance and Policy Statement regarding Cross Border Application of Certain Swap Provisions (the Proposed Guidance) remain uncertain and are yet to be finalized. While the IIAC supports the concept of substituted compliance, the details of the comparability determination need to be clearly articulated; otherwise our members face confusion and uncertainty in attempting to meet their regulatory obligations.

The IIAC will submit a detailed comment letter in response to the Proposed Guidance by the August 27, 2012 deadline. We will recommend that the guidance recognize key principles and regulations in foreign jurisdictions and refrains from line-by-line equivalence in regulation.

Both the Proposed Exemptive Order and the Proposed Guidance will have a landmark impact on the regulation of the global OTC derivative markets. Our comments are respectively submitted to ensure your regulatory objectives are properly met and at the same time the global derivatives marketplace can function efficiently and as seamlessly as possible. We request the comment period for the Proposed Exemptive Order and the Proposed Guidance be extended to gather further insights from market participants. In addition, since the Proposed Guidance contains key information for non-resident firms in respect of registration and CFTC recognition of substituted compliance, we respectfully request the CFTC extend the date for registration and compliance under the CFA.

Yours sincerely,