6351-01-P

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 1

Order Establishing De Minimis Threshold Phase-In Termination Date Pursuant to Commission Regulation 1.3(ggg)(4)(ii)(C)(1)

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice and order.

SUMMARY: With respect to the de minimis exception to the swap dealer definition, the Commodity Futures Trading Commission ("Commission" or "CFTC") is issuing an order ("Order"), pursuant to the applicable Commission regulation, to establish December 31, 2018 as the de minimis threshold phase-in termination date.

DATES: This Order is effective October 13, 2016.

FOR FURTHER INFORMATION CONTACT: Eileen T. Flaherty, Director, 202-418-5326, eflaherty@cftc.gov; Erik Remmler, Deputy Director, 202-418-7630, eremmler@cftc.gov; Lauren Bennett, Special Counsel, 202-418-5290, lbennett@cftc.gov; Margo Dey, Special Counsel, 202-418-5276, mdey@cftc.gov; or Rajal Patel, Special Counsel, 202-418-5261, rpatel@cftc.gov, Division of Swap Dealer and Intermediary Oversight, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

SUPPLEMENTARY INFORMATION:

I. Background

A. Statutory and Regulatory Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act")[1] directed the CFTC and the U.S. Securities and Exchange Commission ("SEC" and together with the CFTC, "Commissions") to jointly further define the term "swap dealer" and to include therein a de minimis exception.[2] The CFTC's further definition of swap dealer is provided in Regulation 1.3(ggg). The de minimis exception therein provides that a person shall not be deemed to be a swap dealer unless its swap dealing activity exceeds an aggregate gross notional amount threshold of $3 billion (measured over the prior 12-month period), subject to a phase-in period during which the gross notional amount threshold is set at $8 billion.[3] Absent further action by the Commission, the phase-in period would terminate on December 31, 2017, at which time the de minimis threshold would decrease to $3 billion.[4] This would require firms to start tracking their swap activity beginning January 1, 2017 to determine whether their dealing activity over the course of that year would require them to register as swap dealers.

---

[1] Pub. L. 111-203, 124 Stat. 1376 (2010). The text of the Dodd-Frank Act can be accessed on the Commission's website, at www.cftc.gov.

[2] See Dodd-Frank Act sections 712(d) and 721. The definition of "swap dealer" can be found in section 1a(49) of the Commodity Exchange Act and as further defined in Regulation 1.3(ggg). 7 U.S.C. 1a(49) and 17 CFR 1.3(ggg). The Commodity Exchange Act is at 7 U.S.C. 1, et seq. (2014), and is accessible on the Commission's website, at www.cftc.gov.

[3] See 17 CFR 1.3(ggg)(4). See also Further Definition of "Swap Dealer," "Security-Based Swap Dealer," "Major Swap Participant," "Major Security-Based Swap Participant" and "Eligible Contract Participant," 77 FR 30596 (May 23, 2012).

This Order does not impact the de minimis threshold for swaps with "special entities" as defined in the Commodity Exchange Act, section 4s(h)(2)(C), 7 U.S.C. 6s(h)(2)(C).

[4] See 17 CFR 1.3(ggg)(4)(ii)(D).

When the $3 billion de minimis exception was established, the Commissions explained that the information then available regarding certain portions of the swap market was limited in certain respects, and that they expected that the implementation of swap data reporting may enable reassessment of the de minimis exception.[5] Accordingly, the Commission adopted Regulation 1.3(ggg)(4), which directed CFTC staff to issue a report, after a specified period of time, on topics relating to the de minimis exception "as appropriate, based on the availability of data and information."[6] Regulation 1.3(ggg)(4) further provides that after giving due consideration to the report and any associated public comment, the Commission may issue an order to establish a termination date for the phase-in period or propose through rulemaking modifications to the de minimis exception.

B. Staff Reports

Staff issued for public comment a preliminary report concerning the de minimis exception on November 18, 2015 ("Preliminary Report").[7] After consideration of the public comments received, and further data analysis, staff issued the Swap Dealer De Minimis Exception Final Staff Report[8] on August 15, 2016 ("Final Report," and together with the Preliminary Report, "Staff Reports"). The Staff Reports analyzed the available

---

[5] See 77 FR at 30634, 30640.

[6] SEC Regulation 240.3a71–2A similarly directs SEC staff to prepare a report on the security-based swap dealer de minimis exception. 17 CFR 240.3a71-2A.

[7] Swap Dealer De Minimis Exception Preliminary Report (Nov. 18, 2015), available at http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport_sddeminis_1115.pdf.

[8] Swap Dealer De Minimis Exception Final Staff Report (August 15, 2016), available at http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport_sddeminis081516.pdf.

swap data[9] in conjunction with relevant policy considerations to assess alternative de minimis threshold levels and other potential changes to the de minimis exception.

C. Swap Data Analysis

As discussed in the Staff Reports, the lack of certain metrics needed for evaluating different de minimis thresholds, as well as data validity issues, limited the analysis of the potential impact of changes to the current de minimis exception.[10] The Final Report further noted that, notwithstanding these data issues, the quality of the swap data that is reported to the Commission appears to be continually improving, and that the Commission is taking additional steps to enhance swap data quality.[11]

The data analysis in the Staff Reports provided some insights into the effectiveness of the de minimis exception as currently implemented. Staff analyzed the number of swap transactions involving at least one registered swap dealer, which is indicative of the extent to which swaps are subject to swap dealer regulation at the current $8 billion threshold. Data reviewed for the Final Report indicated that approximately 96% of all reported swap transactions involved at least one registered swap dealer. When considering individual swap asset classes, approximately 98% or more of swaps in each asset class, other than the Non-Financial Commodity asset class,

---

[9] The data analysis broke down the data into the following asset classes: interest rate swaps ("IRS"); credit default swaps ("CDS"); non-financial commodity ("Non-Financial Commodity") swaps; equity ("Equity") swaps; and foreign exchange derivatives ("FX Derivatives").

[10] See Preliminary Report at 12-21; Final Report at 4-6, 19-20. For example, the data reported does not indicate whether either counterparty to a swap is acting as a dealer, and there are difficulties in calculating the notional amounts for certain types of swaps in a uniform manner useful for data analysis.

[11] See Final Report at 18-19. For example, in June 2016, the Commission finalized amendments related to the reporting of cleared swaps. See Amendments to Swap Data Recordkeeping and Reporting Requirements for Cleared Swaps, 81 FR 41736 (June 27, 2016).

involved at least one registered swap dealer. Approximately 89% of Non-Financial Commodity swaps involved a registered swap dealer.[12]

However, as discussed above, the data available was not sufficient to assess whether, and to what extent, specific changes to the de minimis threshold levels would increase or decrease the coverage of swaps by swap dealer regulation. In particular, the Staff Reports noted that reliable notional amount data was not available for Non-Financial Commodity, Equity, and FX Derivative swaps.

The Commission also notes that it has not yet adopted a regulation on capital requirements for swap dealers, which is a significant component of swap dealer registration. The Commission believes it is prudent to finalize the capital rule before addressing the de minimis threshold. In addition, the swap dealer requirements regarding margin for uncleared swaps, another important component of swap dealer registration, are currently being implemented. The Commission believes that a year's delay would allow it to finalize the swap dealer capital rule and assess the implementation of margin requirements for uncleared swaps. Having information on these aspects associated with swap dealer registration would be helpful in further assessing the impact of changing the de minimis threshold.

Accordingly, the Commission believes that it is prudent to extend the phase-in period by one year, which may provide additional time for more information to become available to reassess the de minimis exception. Adopting this Order at this time also provides clarity to market participants regarding when they would need to begin preparing for a change to the de minimis exception.

---

[12] See Final Report at 22.

II. Conclusion and Order

For the reasons discussed above, and pursuant to its authority under Regulation 1.3(ggg)(4)(ii)(C)(1), the Commission is establishing December 31, 2018 as the termination date for the de minimis threshold phase-in period. The Commission notes that prior to the termination of the phase-in period, the Commission may take further action regarding the de minimis threshold by rule amendment, order, or other appropriate action.[13]

III. Related Matters

A. Paperwork Reduction Act

The Paperwork Reduction Act ("PRA")[14] imposes certain requirements on Federal agencies in connection with their conducting or sponsoring any collection of information as defined by the PRA. This Order does not impose any new recordkeeping or information collection requirements, or other collections of information that require approval of the Office of Management and Budget under the PRA.

B. Cost-Benefit Considerations

Section 15(a) of the Commodity Exchange Act ("CEA") requires the Commission to consider the costs and benefits of its actions before promulgating a regulation under the CEA or issuing certain orders.[15] Section 15(a) further specifies that the costs and benefits shall be evaluated in light of five broad areas of market and public concern: (i) protection of market participants and the public; (ii) efficiency, competitiveness, and financial integrity of futures markets; (iii) price discovery; (iv) sound risk management

---

[13] See 17 CFR 1.3(ggg)(4)(v).

[14] 44 U.S.C. 3501 et seq.

[15] 7 U.S.C. 19(a).

practices; and (v) other public interest considerations. In this section, the Commission considers the costs and benefits resulting from its determinations with respect to the section 15(a) factors.

1. Background

As discussed above, Regulation 1.3(ggg)(4)(i) provides an exception from the swap dealer definition for persons who engage in a de minimis amount of swap dealing activity. Currently, under Regulation 1.3(ggg)(4)(i), a person shall not be deemed to be a swap dealer unless its swap dealing activity exceeds an aggregate gross notional amount threshold of $3 billion (measured over the prior 12-month period), subject to a phase-in period during which the gross notional amount threshold is set at $8 billion.[16] The phase-in period would have terminated on December 31, 2017, and the de minimis threshold would have decreased to $3 billion, absent this Order.[17] This would have required firms to start tracking their swap activity beginning January 1, 2017 to determine whether their dealing activity over the course of that year would require them to register as swap dealers.

The $3 billion threshold, which, absent this Order, would be effective on December 31, 2017, sets the baseline for the Commission's consideration of the costs and benefits of this Order.[18] Accordingly, the Commission considers the costs and benefits that will result from an extended phase-in period.

[16] 17 CFR 1.3(ggg)(4)(i). See generally 77 FR at 30626-35. See also note 3, supra.

[17] 17 CFR 1.3(ggg)(4).

[18] See 77 FR at 30702-14 (discussing the cost-benefit considerations with regard to the final swap dealer definition).

2. General Cost and Benefit Considerations

There are several policy objectives underlying swap dealer regulation and the de minimis exception to swap dealer registration. The primary policy objectives of swap dealer regulation include the reduction of systemic risk, increased counterparty protections, and market efficiency, orderliness, and transparency.[19] Registered swap dealers are subject to a broad range of requirements, including, inter alia, registration, internal and external business conduct standards, reporting, recordkeeping, risk management, posting and collecting margin, and chief compliance officer designation and responsibilities. As noted in the Regulation 1.3(ggg) adopting release, generally, the lower the de minimis threshold, the greater the number of entities that are subject to these requirements, which could decrease systemic risk, increase counterparty protections, and promote swap market efficiency, orderliness, and transparency.[20]

The Commission also considers policy objectives furthered by a de minimis exception, which include regulatory certainty, allowing limited ancillary dealing, encouraging new participants to enter the swap dealing market, and regulatory efficiency.[21] Generally, the higher the de minimis threshold, the greater the number of entities that are able to engage in dealing activity without being required to register, which could increase competition and liquidity in the swap market.[22] In addition, because competitive markets may be more efficient, a higher de minimis threshold might improve swap market efficiency. Further, the Commission notes that it has been

[19] Id. at 30628-30, 30707-08.

[20] Id. at 30628-30, 30703, 30707-08.

[21] Id. at 30628-30, 30707-08.

[22] Alternatively, the Commission notes that a lower de minimis threshold may lead to potential changes in market behavior, including, for example, product innovation.

suggested that a higher threshold could allow the Commission to expend its resources on entities with larger swap dealing activities warranting more oversight. An alternative view is that the de minimis threshold should be set based on policy independent of consideration of the Commission's resources.

Extending the phase-in period by one year will delay realization of the policy benefits associated with the $3 billion de minimis threshold, but will also extend the policy benefits associated with a higher de minimis threshold. The additional time to adjust to the $3 billion de minimis threshold also would potentially increase regulatory certainty for some market participants. Given that the de minimis exception is subject to a 12-month look-back, extending the phase-in period to December 31, 2018 would allow entities that would potentially have to register as swap dealers additional time to adjust their activities and prepare for the compliance obligations related to swap dealer registration.

3. Section 15(a)

Section 15(a) of the CEA requires the Commission to consider the effects of its actions in light of the following five factors. This Order will delay the potential costs and benefits discussed below by one year.

(i) Protection of Market Participants and the Public

Providing regulatory protections for swap counterparties who may be less experienced or knowledgeable about the swap products offered by swap dealers (particularly end-users who use swaps for hedging or investment purposes) is a fundamental policy goal advanced by the regulation of swap dealers. The Commission recognizes that the $3 billion de minimis threshold may result in more entities being required to register as swap dealers compared to an $8 billion threshold, thereby extending counterparty protections to a greater number of market participants. Further, swap dealer regulation is intended to reduce systemic risk in the swap market. Pursuant to the Dodd-Frank Act, the Commission has proposed or adopted regulations for swap dealers – including margin and risk management requirements – designed to mitigate the potential systemic risk inherent in the swap market. Therefore, the Commission recognizes that a lower de minimis threshold may result in more entities being required to register as swap dealers, thereby potentially further reducing systemic risk.

(ii) Efficiency, Competitiveness, and Financial Integrity of Markets

Other goals of swap dealer regulation are swap market transparency, orderliness, and efficiency. These benefits are achieved through regulations requiring, for example, swap dealers to keep trading records and report trades, provide counterparty disclosures about swap risks and pricing, and undertake portfolio reconciliation and compression exercises. Accordingly, the Commission notes that a lower de minimis threshold may have a positive effect on the efficiency and integrity of the markets.

However, the Commission also recognizes that the efficiency and competitiveness of the swap market may be negatively impacted if the de minimis threshold is set too low by potentially increasing barriers to entry that may stifle competition and reduce swap market efficiency. For example, if entities choose to reduce or cease their swap dealing activities so that they would not need to register if the de minimis threshold decreases to $3 billion, the number or availability of market makers for swaps may be reduced, which could lead to increased costs for potential counterparties and end-users.

(iii) Price Discovery

The Commission preliminarily believes that a $3 billion de minimis threshold may discourage participation of new swap dealers and ancillary dealing. If there are fewer entities engaged in dealing, there may be a negative effect on price discovery.

(iv) Sound Risk Management

The Commission notes that a $3 billion de minimis threshold could lead to better risk management practices because a greater number of entities would be required by regulation to: (i) develop and implement detailed risk management programs; (ii) adhere to business conduct standards that reduce operational and other risks; and (iii) satisfy margin requirements for uncleared swaps.

(v) Other Public Interest Considerations

The Commission has not identified any other public purpose considerations for this Order.

C. Antitrust Considerations

Section 15(b) of the CEA requires the Commission to take into consideration the public interest to be protected by the antitrust laws and endeavor to take the least anticompetitive means of achieving the objectives of the CEA, in issuing any order or adopting any Commission rule or regulation. The Commission does not anticipate that the Order discussed herein will result in anti-competitive behavior.

IV. Order

In light of the foregoing, IT IS ORDERED, pursuant to the Commission's authority under Regulation 1.3(ggg)(4)(ii)(C)(1), that the de minimis threshold phase-in termination date shall be December 31, 2018. Absent further action by the Commission, the phase-in period would terminate on December 31, 2018, at which time the de minimis threshold will be $3 billion.

The Commission retains the authority to condition further, modify, suspend, terminate, or otherwise restrict any of the terms of the Order provided herein, in its discretion.

Issued in Washington, DC, on October 13, 2016, by the Commission.

Christopher J. Kirkpatrick,

Secretary of the Commission.

Appendices to Order Establishing De Minimis Threshold Phase-In Termination Date Pursuant to Commission Regulation 1.3(ggg)(4)(ii)(C)(1) – Commission Voting Summary, Chairman's Statement, and Commissioner's Statement

Appendix 1 – Commission Voting Summary

On this matter, Chairman Massad and Commissioners Bowen and Giancarlo voted in the affirmative. No Commissioner voted in the negative.

Appendix 2 – Statement of Chairman Timothy G. Massad

I thank my fellow Commissioners for unanimously supporting this order, which extends the phase-in of the de minimis threshold for swap dealing by one year.

The de minimis threshold determines when an entity's swap dealing activity requires registration with the CFTC. Registration triggers capital and margin requirements as well as other responsibilities, such as disclosure, recordkeeping, and documentation requirements. In 2012, the CFTC set the threshold initially at $8 billion in notional amount of swap dealing activity over the course of a year, and provided that it would fall to $3 billion at the end of 2017.

This registration requirement is a pillar of the framework for swap regulation mandated by the Dodd-Frank Act. Congress required this framework because excessive risk related to over-the-counter derivatives contributed to the intensity of the worst financial crisis since the Great Depression, one which resulted in millions of American families losing their jobs, their homes and their savings. At the same time, Congress recognized that derivatives play an important role in enabling businesses to hedge risk. Therefore, getting this framework right is very important.

There are now more than 100 swap dealers provisionally registered with the CFTC, which include most of the largest global banking entities. Absent our action today, the threshold would have dropped from $8 billion to $3 billion at the end of 2017. That means firms would have been required to start determining whether their activity exceeds that lower threshold just a few months from now – in January of next year. Pushing back this date is a sensible and responsible step for several reasons.

First, our staff has completed the study required by the rule on the threshold. They estimated that lowering the threshold would not increase significantly the percentage of interest rate swaps (IRS) and credit default swaps (CDS) covered by swap dealer regulation, but it would require many additional firms to register. This might include some smaller banks whose swap activity is related to their commercial lending business. At the same time, the study notes that the data has certain shortcomings, particularly when it comes to nonfinancial commodity swaps. This market is very different than the IRS and CDS markets, and I know there is much concern about the threshold with respect to it. This delay will allow us to consider all these issues further.

In addition, I believe it makes sense to adopt a rule setting capital requirements for swap dealers before addressing the threshold. This rule, which is required by Dodd-Frank, is one of the most important in our regulation of swap dealers, and I am hoping the Commission can act on a reproposal of it soon. This one-year delay will also allow us to more fully assess how the new margin requirements are working.

These are just some of the reasons we have taken this action. I thank the CFTC staff for their hard work on this order and on this issue generally. And I again thank my fellow Commissioners for their support.

Appendix 3 – Concurring Statement of Commissioner Sharon Y. Bowen

While we might disagree on the details of today's order, I think we can all agree on one thing: today's action is very important to how the swaps industry operates and our system of financial regulation functions. If we do not accurately and appropriately set the mandatory level of trading for swap dealer registration, our entire regulatory regime for the swaps market will be weakened.

I know that a great deal has been said about the subject of the de minimis threshold, and I expect that just about everyone reviewing today's decision to extend the current phase-in of the $3 billion threshold by one year is all-too familiar with its substance. Yet, given the amount of prior actions that the Commission has taken on this topic, I think we cannot fully consider how to view today's action without first reviewing how we got here. Following the 2008 financial crisis, which was exacerbated by the absence of regulation of the swaps market, Congress passed the Dodd-Frank Wall Street

Reform and Consumer Protection Act. Among the many things in that Act were a raft of robust regulatory requirements on the swaps market, including mandatory clearing, a system of data reporting, and a mandate to trade many products on Swap Execution Facilities (SEFs).

Some of the most significant new regulatory requirements were crafted for what we now call swap dealers, those entities which had significant involvement in the swaps market.[1] For instance, along with major swap participants, swap dealers were at the heart of our new regulation regarding margin for uncleared swaps and the related cross-border rulemaking. Swap dealers will similarly be substantially impacted by our upcoming rule proposal on capital.

Who has to register as a swap dealer is therefore one of the linchpins of the entire swaps regulatory regime. If the level of swap dealing activity is not sufficient to capture entities that should be registered as swap dealers, then many of our other rules, including margin and capital, will not apply to these entities, and the markets may not be adequately protected. On the other hand, if the level of swap dealing activity is too low, many entities, that do not pose a meaningful risk to the financial system, will be required to register as swap dealers, thereby unnecessarily burdening markets.

It was with this concern in mind that Congress required that we create a threshold for swap dealer registration. Dodd-Frank requires that the Commission shall exempt

[1] See Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), section 721(49)(A), available at: http://www.cftc.gov/idc/groups/public/@swaps/documents/file/hr4173_enrolledbill.pdf. That provision states that the term "swap dealer" means any person who holds itself out as a dealer in swaps; makes a market in swaps; regularly enters into swaps with counterparties as an ordinary course of business for its own account; or engages in any activity causing the person to be commonly known in the trade as a dealer or market maker in swaps, with the proviso that, in no event shall an insured depository institution be considered to be a swap dealer to the extent it offers to enter into a swap with a customer in connection with originating a loan with that customer.

from designation as a swap dealer an entity that engages in a de minimis quantity of swap dealing in connection with transactions with or on behalf of its customers. The Commission shall promulgate regulations to establish factors with respect to the making of this determination to exempt.[2] We are thus required to give entities an exemption from swap dealer registration if the quantity of their swap transactions falls below a certain level.

As required, the Commission set that level in 2012. As part of a rulemaking released in May 2012, the Commission set the level of the de minimis exemption at $3 billion, with a temporary phase-in level of $8 billion during the first few years.[3] The Commission also agreed to release a report within the next few years as more data from the various industry participants involved in the swaps market was reported to the CFTC.[4] The Commission further committed, once nine months had passed after the report was published "and after giving due consideration to the report and any associated public comment," to give itself three options for how to deal with the threshold.[5] First, we could terminate the phase-in period and have the threshold immediately drop to $3 billion. Second, if we decided it was "necessary or appropriate in the public interest" to propose a new threshold limit, we could do so via our typical rulemaking authority.[6] Third, if we failed to pursue either the first or second options before a date certain –

[2] Dodd-Frank section 721(49)(D).

[3] See Further Definition of "Swap Dealer," "Security-Based Swap Dealer," "Major Swap Participant," "Major Security-Based Swap Participant," and "Eligible Contract Participant," 77 FR 30596 (May 23, 2012), available at: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2012-10562a.pdf.

[4] Id. at 30756.

[5] Id.

[6] Id.

December 31, 2017, the phase-in period would automatically and immediately end, and the threshold would simply be $3 billion.[7]

We have now published our final staff report on the de minimis threshold and the nine month period of considering whether to change the threshold has formally begun. I am grateful for the staff for all their hard work and appreciate that it has not been an easy undertaking. I am also grateful to market participants and the public for the comments and opinions that they have provided on the first and final drafts of the report. That said, it is clear from the report that our staff does not have sufficient data to make a fully informed decision.

Today, the Commission is augmenting our efforts to get better data on this issue by extending the phase-in period of the threshold by one year. Because of the Commission's action, the threshold will continue to be at $8 billion until December 31, 2018. At that point, absent additional action by the Commission, the phase-in period will end and the threshold will be $3 billion.

I support this initiative to get additional data on this subject, and I do not support changing the threshold at this time. But I wish to make something clear: We need to see hard data backing up the opinions we will receive during this delay about why we should not just allow the threshold to be $3 billion as established in the rule. I know that there is a great deal of disagreement about this issue, and I do not think we will be able to reach a consensus unless we have real economic analysis and evidence to back up people's comments. If you believe the threshold should be changed to $8 billion, or some other amount, because of market conditions, please, provide us with supporting data. Or, if

[7] Id.

you believe that the threshold should be even lower, as low as the $150 million threshold that was once contemplated, please provide us with supporting data. If we stay focused on hard, economic analysis and an objective view about the state of the market, the final determination of the threshold will be more understandable and transparent. Given the years of existing discussion and analysis and the established process the Commission has created, we would do both a disservice to the industry and to the public to change the threshold now absent strong evidence for doing so.

I am sympathetic to the concerns that there may be onerous impacts on the market just because of this threshold. We know that cleared swaps are safer than uncleared swaps, which is why we have tried to encourage increased clearing of swaps. As such, I think there is some merit to modifying the threshold in the future by exempting cleared swaps from being counted in calculations of whether a firm is above it. If market participants or observers have strong thoughts on this idea or other ways that we might help make the $3 billion threshold less arduous, I encourage you to reach out to my office and my staff.

I believe we should receive empirical data that can justify where the threshold number needs to be. I therefore expect that, near the start of 2017, we will start to collect additional data from market participants regarding those portions of the swaps market for which we still lack full and detailed information. Absent that, I will have no basis from which to change the phase-in or move the threshold to something other than $3 billion.