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Association of
**Institutional
INVESTORS**

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OFFICE OF THE
SECRETARY

December 22, 2011

David Stawick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

COMMENT

Re: ICE Clear Credit LLC's Request for Exemptive Relief, dated October 4, 2011, pursuant to Section 713(a) of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Dear Mr. Stawick:

The Association of Institutional INVESTORS* (the "Association") appreciates the opportunity to provide these comments to the Commodity Futures Trading Commission ("CFTC") regarding ICE Clear Credit LLC's ("ICE Clear Credit") petition for exemptive relief, dated October 4, 2011, pursuant to Section 713(a) of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), to permit ICE Clear Credit to: (a) maintain customer funds in single customer omnibus accounts for positions in single name credit default swaps ("CDS") and broad-based credit indices; (b) calculate margin for the single customer accounts pursuant to a portfolio margining program approved by the CFTC and the Securities and Exchange Commission ("SEC"); and (c) provide similar relief to entities that have dual registration as Broker-Dealers and Futures Commission Merchants that maintain clearing accounts for customers at ICE Clear Credit ("ICE Clear Credit's Request for Exemptive Relief").

The Association believes that the systematic risk of OTC derivatives can be mitigated through the creation of central clearing and by ensuring open and transparent access to promote greater competition, lower transaction costs and greater liquidity. The Association's membership is comprised of leading independent asset management firms and our member firms are active participants in most segments of the exchange-traded and over-the-counter derivatives and

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securities markets. We support the goals of Title VII of the Dodd-Frank Act and have participated in commenting to the CFTC concerning effective implementation of the Title VII rulemaking proposals.

Asset management industry professionals, especially folks at buy-side firms who run operations and trading departments, are generally concerned about the possibility of major increases in transaction processing costs in connection with Dodd-Frank rulemaking without receiving significant risk mitigation benefits. The objective, we believe, should be to invest in new business practices under the Dodd-Frank Act that will produce greater efficiencies and investor protection and systemic safeguards.

In connection with ICE Clear Credit's Request for Exemptive Relief, it is a common practice for market participants to maintain hedged portfolios of single name CDS and credit index positions. For example, if a portfolio manager sold protection on the CDX IG index to gain credit exposure to the names in the index, but also held the underlying bonds of a few of the names in the index, the manager may decide to hedge out that additional credit exposure by buying protection in those names to offset the ultimate investors' exposure. Currently, ICE Clear Credit and its clearing members would be required to maintain separate clearing accounts for customer positions for credit indices, pursuant to section 4d(f) of the Commodity Exchange Act and single name CDS, pursuant to section 15(c)(3) of the Securities Exchange Act. As a result, customers would be required to fully margin both accounts, thereby creating a greater margin drain to the portfolio. If portfolio margining were in effect for client accounts in this example, a lower margin amount would be required by the clearinghouses, which is appropriate given the offset to the risk profile of the position.

Once ICE Clear Credit's clearing member proprietary account portfolio margining program becomes effective, we feel proprietary account holders will gain the significant benefits in capital efficiency that result from portfolio margining. However, the view of our Association's Market Practices Committee is that these benefits will not be realized by customers without the granting of ICE Clear Credit's Request for Exemptive Relief.

The Association believes the inequality that will result from permitting proprietary accounts to pay the reduced margin amounts that result from portfolio margining while requiring customer accounts to remain fully margined, creates a significant economic barrier to customer open access to clearing. Indeed, it was not the intent of the Dodd-Frank Act to provide portfolio margining of accounts in a manner that could disadvantage our customers, namely, the literally tens of millions of individual investors and retirees who are the ultimate investors in the products offered by leading asset management firms. Accordingly, we would welcome a solution to this situation that is consistent with the suggestions that have been delineated by ICE Clear Credit.

In conclusion, the Association respectfully requests that ICE Clear Credit's Request for Exemptive Relief be immediately granted and ICE Clear Credit be permitted to: (a) maintain customer funds in single customer omnibus accounts for positions in single name CDS and broad-based CDS indices; (b) calculate margin for single customer accounts pursuant to a portfolio margining program approved by the CFTC and the SEC; and (c) provide similar relief to entities that have dual registration as Broker-Dealers and Futures Commission Merchants that maintain clearing accounts for customers at ICE Clear Credit.

Please contact Joseph Sack, 212-269-3110, joesack@sackconsulting.com, adviser to the Market Practices Committee, with any questions concerning this letter.

Sincerely,

/s/ Steven Chittenden

Steven Chittenden, CFA, Loomis Sayles & Company, L.P.
Chairman, Market Practices Committee
Association of Institutional INVESTORS

cc: Robert W. Cook, Director, Trading and Markets, Securities and Exchange Commission

*The Association of Institutional INVESTORS is a trade organization whose members include some of the oldest, largest, and most trusted asset management firms in the United States. Member firms of the Association are primarily institutional investment advisers which serve the interests of investors by managing the portfolios of public and private pension plans, foundations, and registered investment companies. Collectively, the Association's members manage ERISA pensions, 401(k), mutual funds, and personal investment accounts on behalf of more than 100 million American workers and retirees.