

COMMENT

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October 13, 1998

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C.F.T.C.

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

1998 OCT 14 A 8:54

OFFICE OF THE SECRETARIAT

Re: Over-the-Counter Derivatives Concept Release

Dear Ms. Webb:

The undersigned represent active participants in and users of swaps, related derivative transactions and foreign exchange transactions from around the world, together with trade associations representing a wide range of interested parties. We share serious concerns about the Concept Release on over-the-counter-derivatives issued by the Commodity Futures Trading Commission (the "CFTC"). Our concerns are based on the following principles, reflecting the importance of these transactions and the legal and regulatory framework in which they take place.

- The use of these transactions by businesses, financial institutions and governments has grown dramatically in recent years, enabling them to manage better the risks they face in their day-to-day activities, to operate more efficiently and to compete more effectively in the global economy.
- The existing U.S. regulatory framework for these transactions has permitted the substantial growth in their use and the development of efficient OTC clearing and settlement initiatives. The goal of any change in that framework should be to encourage further growth by providing greater legal certainty for these transactions and initiatives.
- Changing the U.S. regulatory framework for these transactions in ways that do not provide greater legal certainty or that create unnecessary burdens will increase the cost of these essential risk management tools and may restrict their availability to many users.
- Unilateral action by the CFTC can undermine market confidence. Congress should consider any fundamental change in the regulatory framework for these transactions because only Congress can consider the full range of public policy concerns.

We urge the CFTC to discontinue its regulatory initiatives in the area of swaps, related derivative transactions and foreign exchange transactions. We are confident that Congress, drawing upon the experience and views of all interested parties, will take appropriate action to permit continued growth in the use of these important risk management tools and to protect the

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reputation of the United States as a safe environment for financial innovation and a major market for these transactions.

Yours sincerely,

ABA Securities Association
American Bankers Association
The Bankers Roundtable
The Bond Market Association
Emerging Markets Traders Association
The Energy Group
Financial Markets Lawyers Group
The Foreign Exchange Committee
Futures Industry Association
International Swaps and Derivatives Association
Securities Industry Association
U.S. Chamber of Commerce

cc: Chairperson Brooksley Born
Commissioner Barbara Pedersen Holum
Commissioner James E. Newsome
Commissioner David D. Spears
Commissioner John E. Tull, Jr.