

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090
United States

Chris Barnard

22 January 2011

- **File No. S7-03-11**
- **Trade Acknowledgment and Verification of Security-Based Swap Transactions**

Dear Sir.

Thank you for giving us the opportunity to comment on your proposed rule: Trade Acknowledgment and Verification of Security-Based Swap Transactions.

Pursuant to Section 764(a) of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), you are proposing rule 15Fi-1 under the Securities Exchange Act of 1934 (Exchange Act), 15 U.S.C. sec 78a et seq., which would require security-based swap (SBS) dealers and major SBS participants¹ to provide trade acknowledgments and to verify those trade acknowledgments in SBS transactions.

I generally support the proposed rules, which should “promote the efficient operation of the SBS market, and to facilitate market participants’ management of their SBS-related risk”. Furthermore, the proposed rule will almost certainly, and intentionally, promote SBS Entities to use the matching services of registered clearing agencies, which would be a beneficial outcome in itself.

The proposed rule requires an SBS transaction to be processed electronically by an SBS Entity if the SBS Entity “has the ability to do so”. This is a necessary condition, in order to prevent an SBS Entity from arbitrarily delaying the trade acknowledgement by choosing to process a transaction non-electronically. It would also help to reduce back-office paperwork.

¹ Collectively called SBS Entities.

The proposed rule applies to SBS transactions in which an SBS Entity purchases or sells an SBS. The terms “purchase” and “sale”, as applied here, include any “execution, termination (prior to its scheduled maturity date), assignment, exchange, or similar transfer or conveyance of, or extinguishing of rights or obligations under, a security-based swap”.² I further support this broader definition as applied to purchase and sale in this context. This will cover all circumstances where an SBS trade acknowledgement should be required.

I would however recommend that the SEC provide more guidance on how the term “promptly” should be interpreted. This term is applied throughout the proposed rule, and I would suggest that more prescription and consistency is required in its definition.

Yours faithfully

Chris Barnard

² As defined in Section 3(a) of the Exchange Act.