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July 21, 2011

David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581
By Comments Online process at:
<http://comments.cftc.gov>

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
By email: rule-comments@sec.gov

Re: Further Definition of "Swap," "Security-Based Swap," and "Security-Based Swap Agreement"; Mixed Swaps; Security-Based Swap Agreement Recordkeeping; CFTC RIN 3038-AD46; SEC RIN 3235-AK65; File No. S7-16-11

Dear Mr. Stawick and Ms. Murphy:

Freddie Mac is pleased to submit these comments in response to the Notice of Proposed Rulemaking published by the Commodity Futures Trading Commission and the Securities and Exchange Commission (together, the Commissions) on May 23, 2011 (the Proposal).¹ The Proposal is issued under Sections 712, 721, and 761 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), which require the Commissions to further define "swap" and "security-based swap," among other terms. The Commissions previously published an advance notice of proposed rulemaking (ANPR) in connection with this rulemaking, in response to which Freddie Mac submitted a comment letter (the ANPR Comment Letter).²

Freddie Mac was chartered by Congress in 1970 with a public mission to stabilize the nation's residential mortgage markets and expand opportunities for affordable homeownership and rental housing. Our statutory mission is to provide liquidity, stability and affordability to the U.S. housing market. Freddie Mac uses swaps to hedge large-scale commercial risks on an ongoing basis. Freddie Mac currently operates under the direction of the Federal Housing Finance Agency (FHFA) as our Conservator.

Freddie Mac recognizes that the Commissions considered and agreed with the recommendation in our ANPR Comment Letter, which sought clarification that forward sales of mortgage-backed securities (MBS) in the "To-Be-Announced" (TBA) market fall outside of the "swap" definition. See 76 Fed. Reg. 29830-31. The Commissions provided this clarification as "interpretive guidance" in the preamble of the Proposal, but did not include it as part of the rule text of the Proposal.

¹ "Further Definition of 'Swap,' 'Security-Based Swap,' and 'Security-Based Swap Agreement'; Mixed Swaps; Security-Based Swap Agreement Recordkeeping," 76 Fed. Reg. 29,818 and 76 Fed. Reg. 32,880.

² "Definitions Contained in Title VII of Dodd-Frank Wall Street Reform and Consumer Protection Act," 75 Fed. Reg. 51,429; See Letter from Freddie Mac, Sept. 20, 2010.

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Freddie Mac respectfully requests that the Commissions clarify, within the text of the final rule, that forward sales of MBS in the TBA market fall outside of the "swap" definition, in order to provide market participants with greater certainty. In the alternative, if the Commissions decide not to provide greater certainty in this way, Freddie Mac recommends that the Commissions provide, in the preamble to the final rule, a clear statement that forward sales of MBS in the TBA market fall outside of the "swap" definition.

* * * * *

Freddie Mac appreciates the opportunity to provide its views in response to the Proposal. Please contact me if you have any questions or would like further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa M. Ledbetter". The signature is fluid and cursive, with the first name being the most prominent.

Lisa M. Ledbetter