

Nomura Global Financial Products, Inc.

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Angie Kama

Managing Director, Legal

September 10, 2014

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Registration of Security-Based Swap Dealers and Major Security-Based Swap Participants (Release No. 34-65543; File No. S7-40-11)

Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers; Capital Rule for Certain Security-Based Swap Dealers (Release No. 34-71958; File No. S7-05-14)

Capital, Margin and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers (Release No. 34-68071; File No. S7-08-12)

Business Conduct Standards for Security-Based Swap Dealers and Major Security-Based Swap Participants (Release No. 34-64766; File No. S7-25-11)

Cross-Border Security-Based Swap Activities; Re-Proposal of Regulation SBSR and Certain Rules and Forms Relating to the Registration of Security-Based Swap Dealers and Major Security-Based Swap Participants (Release No. 34-69490; File Nos. S7-02-13; S7-34-10; S7-40-11)

Dear Mr. Fields:

Nomura Global Financial Products Inc. (“**NGFP**”) appreciates the opportunity to provide the Securities and Exchange Commission (“**SEC**” or “**Commission**”) with comments on the above-referenced SEC proposed rules. NGFP is currently registered with the Commission as an OTC Derivatives Dealer (“**OTCDD**”) and intends to register with the Commission as a Security-Based Swap Dealer (“**SBSD**”) once the SBSB registration rules are finalized. NGFP is also provisionally registered with the Commodity Futures Trading Commission (“**CFTC**”) as a Swap Dealer (“**SD**”).

NGFP requires three registrations to engage in dealing activities in the full range of OTC derivative products with US clients in a capital and cost efficient manner. In light of requiring three registrations to efficiently conduct its business, NGFP requests that when issuing its final SBSB rules, the SEC specifically contemplate and take into account dually-registered OTC DD/SBSB entities. Moreover, NGFP requests that the SEC continue to focus on harmonizing its final SBSB rules with rules that have already been finalized by the CFTC for SDs (and implemented by NGFP and others). NGFP also requests that the SEC continue to focus on international coordination and harmonization of applicable rules for non-US SBSBs, including taking into consideration, where appropriate, that certain US SBSBs are subsidiaries of non-US regulated

financial entities. For example, we request that capital rules for US SBSDs that are subsidiaries of non-US regulated financial entities take into consideration whether internal risk-based models being used to calculate SBSB capital requirements have already been approved by G-20 prudential supervisors of the consolidated non-US entity.

As it specifically relates to dually-registered OTC DD/SBBD entities, NGFP refers the Commission to the proposed approach outlined in Appendix A of the February 22, 2013 comment letter by the Security Industry and Financial Markets Association (“SIFMA”) to the Commission’s proposed Capital, Margin and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers (Release No. 34-68071; File No. S7-08-12) (“SIFMA Appendix A”).¹ SIFMA Appendix A summarizes an approach for dually-registered OTC DD/SBBD entities in the areas of Registration, Capital and Margin, Customer Protection/Segregation, Insolvency, Sales Practice/Business Conduct/Associated Persons, Confirmations and Other Documentation Requirements, and Books and Records, and provides useful information for the Commission to take into account as it finalizes the various SBSB rules. Nomura endorses the approach outlined in SIFMA Appendix A.

As it specifically relates to dually-registered OTC DD/SBBD entities, NGFP refers the Commission to the September 5, 2014 comment letter by SIFMA to the Commission’s proposed Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers; Capital Rule for Certain Security-Based Swap Dealers (Release No. 34-71958; File No. S7-05-14) (the “September 5, 2014 SIFMA Comment Letter”). NGFP endorses the approach outlined by SIFMA on the treatment of dually-registered OTC DD/SBBD entities in the September 5, 2014 SIFMA Comment Letter.

Specifically as it relates to final SBSB Registration rules and final Recordkeeping and Reporting rules, NGFP suggests that the Commission contemplate dually-registered OTC DD/SBBD entities by making conforming changes to the registration form to reflect a registrant’s status as an OTC DD (as opposed to only considering a full purpose broker-dealer/SBBD). NGFP suggests that for recordkeeping purposes, the Commission treat an OTC DD/SBBD as a stand-alone SBSB with model approvals² and recognize that Commission rules explicitly permit an OTC DD’s books and records to be maintained by an affiliated fully regulated broker-dealer. If OTC DD/SBBDs are not contemplated in these final recordkeeping rules, the final rules, among other things, will inappropriately apply the full range of recordkeeping requirements to OTC DD/SBBDs (requirements meant for full service broker-dealer/SBBDs) even though the securities activities of OTC DD/SBBDs are limited. Other key aspects of the approach for dually-registered OTC DD/SBBD entities outlined in SIFMA Appendix A include:

- The SBSB capital rules should permit an OTC DD/SBBD to apply the higher of the OTC DD or SBSB minimum capital requirements;
- The SBSB capital rules should permit OTC DD/SBBDs to use models approved by the SEC for market and credit risk;
- With appropriate disclosure to customers and Commission approval, the OTC DD/SBBD should be allowed to portfolio margin all eligible OTC securities derivatives together;

¹Available at: <http://www.sec.gov/comments/s7-08-12/s70812-29.pdf>

² NGFP also supports this treatment for capital rules, as discussed in more detail in the February 22, 2013 SIFMA comment letter referenced above.

- With appropriate disclosure to customers and Commission approval, proposed Rule 18a-4 should apply to all eligible OTC securities derivatives;
- The OTC DD/SBSD should be exempt from SIPA, but subject to stockbroker liquidation provisions of the Bankruptcy Code for any customer that does not waive segregation;
- The OTC DD/SBSD, like current OTC DDs and other stand-alone SBSs, should not be required to become a member of FINRA;
- Securities and SBS transactions would be conducted through registered personnel of an affiliated full-purpose broker-dealer subject to FINRA rules (with relevant exemptions from those rules for SBS), unless:
 - (a) the counterparty is a broker-dealer, a bank acting in a dealer capacity or an affiliate,
 - (b) for ancillary portfolio management transactions in foreign securities, a broker-dealer or bank acting as agent for the entity, or
 - (c) for contacts with a foreign counterparty, the contacts are conducted by an associated person of an affiliated foreign broker-dealer that is registered under local law;
- Rule 10b-10 should apply to securities, except SBS, and proposed Rule 15Fi-1 should apply to security-based swaps. Other security-based swaps documentation rules, if any, would also apply.

NGFP appreciates the Commission's consideration of its comments on these Proposed Rules. As the Commission considers our comments and those of other market participants, NGFP stresses that efficient and effective implementation of Dodd-Frank SBS requirements will only be possible with full consideration of all the types of entities that are impacted by SBS requirements, and of the requirements already imposed or contemplated by other US and/or foreign regulators. As always, NGFP appreciates the hard work of Commission staff and their willingness to discuss with us, and carefully consider, issues critical to NGFP.

We thank the Commission for the opportunity to submit this comment letter. We would be happy to discuss with you any of the concerns described above or any other matters that would be helpful in adopting final SBS rules. Additionally, we would be pleased to provide additional information or assistance at the request of the Commission or its staff. Please do not hesitate to contact me at (212) 667-9735 if you have any questions or if you would like to discuss these comments further.

Respectfully submitted,



Angie Karna

cc: Mary Jo White, Chair
Luis A. Aguilar, Commissioner
Daniel J. Gallagher, Commissioner
Kara M. Stein, Commissioner
Michael S. Piwowar, Commissioner