



DIVISION OF  
TRADING AND MARKETS

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

January 31, 2014

Greg Hopper  
Managing Director, Risk  
Goldman, Sachs & Co.  
200 West Street  
New York, NY 10282

Re: CDS Portfolio Margin Program

Dear Mr. Hopper:

On December 14, 2012, the Securities and Exchange Commission ("Commission") issued an order ("Order") granting conditional exemptive relief from compliance with certain provisions of the Securities Exchange Act of 1934 in connection with a program to commingle and portfolio margin customer positions in cleared credit default swaps ("CDS") that include both security-based swaps and swaps in a segregated account established and maintained in accordance with Section 4d(f) of the Commodity Exchange Act ("CDS portfolio margin program").<sup>1</sup> The exemptive relief granted in the Order is subject to certain conditions, including a requirement that a dually-registered broker-dealer and futures commission merchant ("BD/FCM") operating pursuant to the Order must set minimum margin levels with respect to any customer transaction in the CDS portfolio margin program at least equal to the amount determined using a margin methodology established and maintained by the BD/FCM that has been approved in writing by the Commission or its staff.

Goldman, Sachs & Co. ("Goldman") has applied to the Commission for authority to offer portfolio margining for cleared CDS positions pursuant to the Order and, consequently, is seeking approval of its margin methodology (the "Methodology") for calculating margin amounts that must be collected from customers in a CDS portfolio margin program. As set forth in the Division's June 7, 2013 letter regarding your CDS portfolio margin program, the Methodology must satisfy certain conditions to be approved.

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<sup>1</sup> See Order Granting Conditional Exemption Under the Securities Exchange Act of 1934 in Connection with Portfolio Margining of Swaps and Security-Based Swaps, Exchange Act Release No. 68433 (Dec. 14, 2012), 77 FR 75211 (Dec. 19, 2012).

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Pursuant to the Order, the Division hereby approves Goldman's Methodology. If Goldman has not fully implemented the Methodology subject to the conditions set forth in the June 7, 2013 letter, with respect to customer CDS positions that are submitted for clearing in the CDS portfolio margin program, Goldman must apply the margin methodology set forth in the Division's March 8, 2013 letter regarding the CDS portfolio margin program.

Any obligation arising from this approval will not be effective until May 5, 2014. If you have any questions, please do not hesitate to contact me at (202) 551-5525.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Macchiaroli".

Michael A. Macchiaroli  
Associate Director