



Via Electronic Submission

Christopher Kirkpatrick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

August 13, 2018

Re: De Minimis Exception to the Swap Dealer Definition (RIN 3038-AE68)

Dear Mr. Kirkpatrick:

XTX Markets Limited (“**XTX**”) submits this comment letter to the Commodity Futures Trading Commission (“**CFTC**” or the “**Commission**”) with regards to the Commission’s proposed rulemaking regarding the de minimis exception to the swap dealer definition (“**Proposed Rule**”).¹ XTX is a quantitative-driven electronic trading company and liquidity provider based in London and regulated by the U.K. Financial Conduct Authority. Neither XTX nor any of its affiliated entities are registered with the CFTC. XTX trades across asset classes, including: (1) equities; (2) fixed income; (3) credit; and (4) foreign exchange (“**FX**”). XTX’s trading takes place on numerous exchange venues around the globe, as well as on an over-the-counter (“**OTC**”) basis with counterparties.

XTX’s trading activities and business operations create a vested interest in the Proposed Rule.

I. Summary

XTX supports the Commission’s determination that the de minimis threshold should not be decreased. Moreover, XTX recommends that the Commission exclude the following from the de minimis calculation: (1) exchange-traded and/or cleared swaps; (2) FX non-deliverable forwards (“**NDFs**”); and (3) Third-Party Swaps and Prime Broker Swaps (as defined below).

¹ 83 Fed. Reg. 27444 (June 12, 2018).



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XTX Markets Limited is registered in England and Wales. Registered office: R7, 14-18 Handyside Street, London, N1C 4DN. Company No. 09415174. XTX Markets Limited is authorised and regulated by the Financial Conduct Authority (Firm Reference Number: 711945)

II. The Commission Should Exclude Exchange-Traded and/or Cleared Swaps from the De Minimis Calculation.²

In the Proposed Rule, the CFTC requested comment on whether exchange-traded and/or cleared swaps should be excepted from the de minimis calculation.³ In further discussing this possible exception, the CFTC acknowledged that excluding exchange-traded and/or cleared swaps from the de minimis calculation would encourage greater use of exchanges and/or clearing systems, one of the principal objectives of the Dodd-Frank Act.⁴ The benefits of an increased number of market participants trading swaps on exchange cannot be understated. In the CFTC's final rule regarding core principles for swap execution facilities ("SEFs"), it acknowledged the benefits of exchange trading, explaining: "[t]he OTC swaps market is less transparent than exchange-traded futures and securities markets. This lack of transparency was a major contributor to the 2008 financial crisis because regulators and market participants lacked visibility to identify and assess the implications of swaps market exposures and counterparty relationships."⁵ The CFTC goes on to state that: "[b]y requiring the trading of swaps on SEFs and designated contract markets [], all market participants will benefit from viewing the prices of available bids and offers and from having access to transparent and competitive trading systems or platforms."⁶

Exchanges and clearing systems provide greater protection to markets in a variety of ways. As the Commission has recognized, benefits include: (1) provision of counterparty protections and trade terms by exchanges; (2) review of available bids and offers by counterparties via the exchange; (3) access to trading platforms that are transparent, yet still competitive for counterparties; (4) central and efficient management of regulatory responsibilities such as reporting, portfolio reconciliation, and portfolio compression; (5) central handling of risk management functions by derivatives clearing organizations ("DCOs"); (6) margin posted with DCOs; and (7) registration of clearing firms and compliance with capital requirements.⁷

XTX agrees that exchanges and clearing systems provide greater protections to the market. Moreover, XTX submits that an exception for exchange-traded and/or cleared swaps from the de minimis calculation, without a backstop or haircut, will not impact the policy considerations that support swap dealer registration and regulation. Thus, the exception should be included in the Commission's Final Rule.

A. *An Exception from the De Minimis Calculation for Swaps Executed on an Exchange and/or Cleared Will Not Impact CFTC Policy Considerations.*

The primary policy considerations underlying swap dealer regulations and registration are reducing systemic risk, increasing counterparty protections, and increasing the efficiency, orderliness, and transparency of the market.⁸ Moreover, the CFTC's policy considerations for exceptions from the de minimis calculation are increasing efficiency (similar to the policy considerations for registration above), allowing limited ancillary dealing, encouraging entry of new market participants, and focusing regulatory resources.⁹ Exchange-traded and/or cleared swaps present less risk than the OTC market. Moreover, CFTC regulations governing exchange-traded and/or cleared swaps sufficiently address the CFTC's policy considerations, without the further need for additional, duplicative controls to be imposed by increasing the number of firms that must register as swap dealers.

² XTX notes that not all swaps are currently able to be cleared. Even where clearing is not yet commercially practicable, XTX still believes that there are sufficient protections for exchange-traded swaps to permit them to be excluded from the de minimis calculation. Many of those protections are addressed herein.

³ 83 Fed. Reg. at 27468 (citation omitted).

⁴ See *id.* (citation omitted).

⁵ Core Principles and Other Requirements for Swap Execution Facilities, 78 Fed. Reg. 33476, 33476 (June 4, 2013) (citation omitted).

⁶ *Id.* at 33477.

⁷ 83 Fed. Reg. at 27468.

⁸ *Id.* at 27446.

⁹ *Id.* (citation omitted).

i. *Exchange-Traded and/or Cleared Swaps Reduce Systemic Risk.*

Exchange-traded and/or cleared swaps reduce systemic risk. Systemic risk can be understood as the “ripple effects” that occur following “a breakdown in one segment of the financial sector, such as a major financial default that may trigger others.”¹⁰ This risk arises in the OTC swaps market where each transaction is dependent upon the creditworthiness of each counterparty.¹¹ However, where swaps are exchange-traded and/or cleared, this risk is diminished.

For exchange-traded swaps, SEFs are required to comply with a whole host of core principles related to operation, maintenance, and protection of its trading venue.¹² These core principles reduce systemic risk for on-exchange transactions. For example, SEFs must establish and maintain an enforcement program that deters abuses, and thereby, creates a safer, less risky trading venue.¹³ Moreover, in order “[t]o reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month,” SEFs must set position limits and accountability levels, as applicable.¹⁴ Further still, SEF Core Principles 7 and 13 place robust financial obligations on the operation of SEFs, to further decrease the chance that “ripple effects” occur following any financial breakdown.¹⁵ Specifically, CFTC Rules require that SEFs establish minimum financial standards for members and monitor members to ensure compliance therewith.¹⁶ Meaning, for exchange-traded swaps, there is significantly less risk that a counterparty will default than with an OTC swap, because the SEF screens members. The SEF itself must also have sufficient financial resources to carry out its regulatory responsibilities, and must demonstrate its sufficiency via routine reports filed with the Commission.¹⁷

For cleared swaps, the DCO assists in absorbing the risk of loss that each counterparty has with regards to the other. DCOs are well placed to absorb this risk, given the financial and other regulatory requirements imposed upon them. DCOs also are required to have risk management programs that include margin requirements, risk limits, and stress testing.¹⁸

Thus, there are sufficient controls on exchange-traded and/or cleared swaps to reduce systemic risk.

ii. *Exchange-Traded and/or Cleared Swaps Increase Counterparty Protection.*

Exchange-traded and/or cleared swaps also increase counterparty protection. XTX acknowledges that increased protection is particularly relevant where swaps are complex or the swaps counterparty is less sophisticated with regards to financial products and markets. However, exchange-traded swaps are standardized products, the specifications of which are set by the exchange.¹⁹ Thus, there is inherently greater counterparty protection for exchange-traded products than for bespoke, OTC swaps. Moreover, all market participants trading on an exchange are subject to the rules thereof.²⁰ Such rules prohibit, for example: (1) disruptive trading practices; (2)

¹⁰ JOHNSON, HAZEN, ERVIN, AND MILLS, DERIVATIVES REGULATION, § 1.02 – Definitions and Descriptions of Terms (Oct. 2017).

¹¹ *Id.*

¹² CEA §5h(f).

¹³ *Id.* §§ 5h(f)(2) (“Compliance With Rules”); 5h(f)(3) (“Swaps Not Readily Susceptible to Manipulation”); 5h(f)(4) – (“Monitoring of Trading and Trade Processing”); 5h(f)(5) (“Ability to Obtain Information”).

¹⁴ *Id.* § 5h(f)(6) (“Position Limits or Accountability”).

¹⁵ *Id.* §§ 5h(f)(7) (“Financial Integrity of Transactions,” stating: “The [SEF] shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the [SEF], including the clearance and settlement of the swaps.”); 5h(f)(13) (“Financial Resources,” stating: “The [SEF] shall have adequate financial, operational, and managerial resources to discharge each responsibility.”).

¹⁶ CFTC Rules 37.702, 37.703.

¹⁷ CFTC Rules 37.1300 – 37.1306.

¹⁸ See CFTC Rule 39.13.

¹⁹ See, e.g., Variance Volatility Swaps, available at [https://www.icap.com/~media/Files/II/ICap-Corp/pdfs-](https://www.icap.com/~media/Files/II/ICap-Corp/pdfs-SEF/ICAP%20SEF%20Rule%20807%20-%20Variance%20Swaps%20as%20filed%2011-22-13.pdf)

²⁰ See, e.g., CFTC Rule 37.200.

fraud; and (3) failing to maintain minimum financial requirements, all of which are meant to promote counterparty protection.²¹

These counterparty protections exist regardless of whether a market participant is a direct member of an exchange because both exchange members and their customers are typically subject to the jurisdiction of the exchange and obligated to comply with all rules thereof.²²

iii. Exchange-Traded and/or Cleared Swaps Increase Market Efficiency, Orderliness, and Transparency.

Exchange-traded and/or cleared swaps increase market efficiency, orderliness, and transparency. Regulated market conduct that implements these policy objectives includes recordkeeping and reporting. Each of these activities is facilitated via exchange-trading and/or clearing. For example, audit trail data must be maintained by each SEF²³ and SEFs and DCOs must report information to the CFTC as required.²⁴ The OTC market – even with reporting to swap data repositories– is more opaque.

With regards to promoting efficiency in swap dealer de minimis determinations, the less subjective the swap dealer registration criteria are, the more efficient the regulatory process for registration will be. The threshold test for whether a firm is engaged in swap dealing is subjective – *i.e.*, dependent on the facts and circumstances.²⁵ However, via express exceptions, for exchange-traded and/or cleared swaps, or otherwise, the CFTC has the opportunity to insert objectivity around the de minimis rule and further aid market participants in compliance. Whether or not a swap is exchange-traded and/or cleared is a simple test for market participants to apply and for regulators to audit.

iv. An Exception for Exchange-Traded and/or Cleared Swaps Will Facilitate Ancillary Dealing, Particularly for Relatively Low-Risk Products.

The CFTC has expressed an interest in allowing certain persons to continue dealing activity, on a limited basis, where existing clients, such as end-users, have a need.²⁶ Providing an exception for exchange-traded and/or cleared swaps only furthers this policy goal because it increases the amount of dealing activity a party can engage in before registering, particularly for relatively low-risk, standardized products. Allowing for such ancillary dealing will also contribute to market liquidity and further the Commission's policy goal of transparency by creating a more robust environment for price discovery.

v. An Exception for Exchange-Traded and/or Cleared Swaps Will Encourage New Participants in the Swaps Market.

The CFTC has acknowledged, and it logically follows, that exceptions to the de minimis rule generally "promote[] competition by allowing a person to engage in some swap dealing activities without immediately incurring the

²¹ See generally CME SEF Rulebook, available at <https://www.cmegroup.com/content/dam/cmegroup/rulebook/SEF/cme-sef-rulebook.pdf>.

²² See, e.g., CME SEF Rules 105.A (stating, in part: "[e]ach applicant for Participant status must: . . . consent to be subject to CME SEF's jurisdiction for all SEF Activity."), and 107 (stating, in part: "each written agreement with a Customer to offer indirect access to CME SEF through the Participant must: . . . (2) import into every Swap carried for the Customer all the terms of the SEF Rules insofar as they are applicable to that Swap; . . . (4) include the Customer's or Customer's consent to jurisdiction of CME SEF in connection with all SEF Activity.")

²³ See CFTC Rule 37.205 (stating: "A [SEF] shall establish procedures to capture and retain information that may be used in establishing whether rule violations have occurred. . . . A [SEF] shall capture and retain all audit trail data . . ."); see also CFTC Rule 37.1000(a)(1).

²⁴ See CFTC Rule 37.1000(a)(2); see also CFTC Rule 39.19.

²⁵ 83 Fed. Reg. at 27447.

²⁶ *Id.*

regulatory costs associated with [swap dealer] registration and regulation.”²⁷ Without reasonable, well-defined exceptions, the number of parties willing to engage in dealing activity, and incur the costs associated with registration and regulation, would be restricted. Meaning, market participants would have fewer counterparty options available for swap transactions and, as a result, would experience less liquidity and transparency.

The CFTC should focus on promoting market maturation, via increased liquidity and transparency. Clearing often is not feasible on day one of a market’s formation. This is, in part, because when approving a swap for clearing, the CFTC considers “[t]he existence of significant outstanding notional exposures, trading liquidity, and adequate pricing data.”²⁸ Permitting exchange-traded, low-risk products to be exempt from the de minimis calculation would allow markets to develop and grow via increased liquidity, price discovery, and trading volume. Such growth increases the viability of central clearing. Whereas, if regulation hinders the growth of newly-minted markets, they will never be able to cultivate and support central clearing. This hindrance would run contrary to the policy goals of the Dodd-Frank Act.

vi. An Exception for Exchange-Traded and/or Cleared Swaps Will Focus Regulatory Resources Where They Are Most Needed.

Regulatory resources for oversight of the swaps market are most needed with regards to higher-risk OTC transactions. Thus, the Commission’s standards for de minimis calculation should be targeted towards capturing and prioritizing dealers who engage in a significant amount of bespoke business. Given that exchange-traded and/or cleared swaps have significant protections applied to them via exchange and DCO rules, regulating this area is not the most efficient use of CFTC resources.

B. All Exchange-Traded and/or Cleared Swaps Should Be Excepted from the De Minimis Calculation.

XTX submits that all exchange-traded and/or cleared swaps should be excepted from the de minimis calculation. There is no reason to distinguish between swaps executed anonymously and those executed with identified counterparties.

C. Neither a Notional Backstop Nor a Haircut Is Needed.

XTX does not consider it necessary for the Commission to establish a notional backstop or a haircut for exchange-traded and/or cleared swaps, above which, an entity would be required to register as a swap dealer. Swap dealer registration is meant to ensure that adequate protection is provided to swap counterparties by making swap dealers subject to appropriate regulation. As discussed above, where a swap is exchange-traded and/or cleared, sufficient protections are already in place.

III. The Commission Should Exclude NDFs from the De Minimis Calculation.

NDFs should be excluded from the de minimis calculation in order to increase liquidity, provide for regulatory consistency, and promote the efficient use of agency resources. Excluding NDFs will permit additional market makers to transact with U.S. market participants without risk of exceeding the de minimis threshold. Moreover, this approach would align NDFs with how FX swaps and FX forwards are already being treated for de minimis purposes. Further, excluding NDFs from the de minimis calculation would allow the CFTC to focus on markets with less liquidity and fewer systems already in place to promote customer protection. Supervision, monitoring, and regulation of less-liquid and less-protected markets is a more efficient use of agency resources.

²⁷ *Id.* (citation omitted).

²⁸ CFTC Rule 39.5(b)(3)(ii)(A).

A. Excluding NDFs from the De Minimis Calculation Will Increase Liquidity in the Market.

Under current CFTC rules, liquidity providers operating in NDF markets are extremely limited in terms of their U.S. activity. Unless liquidity providers wish to register as swap dealers, they must remain below the \$8 billion de minimis cap. Thus, liquidity providers are forced to limit their activity with U.S. counterparties due to the high costs and regulatory burdens associated with swap dealer registration (which the CFTC has recognized).²⁹ As a result, U.S. NDF market participants are limited in the number of liquidity providers that they can transact with. XTX submits that excluding NDFs from the de minimis calculation will increase NDF liquidity and encourage the development of this market within the existing, well-regulated exchange trading and/or central clearing framework.

B. Excluding NDFs from the De Minimis Calculation Will Provide for Regulatory Consistency.

Where two counterparties enter into a FX forward, there is an exchange of an agreed amount of one currency for an agreed amount of another currency, at a specified point in the future. This transaction permits a market participant to speculate or hedge a currency exposure with the actual currency. However, not all currencies are deliverable. For example, currency controls exist in certain jurisdictions making it impossible to enter into FX forwards (e.g., Brazilian Real, Indian Rupee, South Korean Won, New Taiwan Dollar, Malaysian Ringgit, Chilean Peso). The NDF markets that result in these jurisdictions are significant in size.³⁰

NDFs allow market participants to enter into transactions in respect of non-deliverable currencies that have the same economic effect as if they were entering into an FX forward. The difference is that with an NDF, the notional amounts are never exchanged. Instead, the contract is cash-settled so that one party pays the other the difference between the NDF rate (i.e., the rate agreed when the contract was entered into) and the prevailing spot rate (at the time the contract is settled). Like FX forwards, NDFs may be used to hedge currency exposure or to speculate on a currency. Other than the mechanics of settlement (which are often prescribed by the non-deliverable status of the relevant currency), there is no difference in the economic and functional effect of NDFs and FX forwards.

Yet, the treasury determination issued on November 20, 2012 exempts FX swaps and FX forwards from the definition of "swap" under the Commodity Exchange Act, but does not exempt NDFs.³¹ Thus, FX swaps and FX forwards are not subject to the de minimis calculation, but NDFs are. This is despite the fact that FX forwards and NDFs provide for the same economic result.

XTX sees no reason to distinguish the treatment of NDFs from FX forwards for purposes of the de minimis calculation. XTX notes its agreement with the statements made by the Commission in the Proposed Rule regarding the economic and functional similarities between NDFs and deliverable FX forwards,³² and encourages the CFTC to treat both products consistently with regards to the de minimis calculation.

XTX also suggests that the Treasury Determination should not control the outcome with regards to an exception from the de minimis calculation. NDFs were not in scope for purposes of the Treasury Determination.³³ Rather, the Treasury Department was only permitted to consider whether FX swaps and FX forwards (distinct from NDFs)

²⁹ See 83 Fed. Reg. at 27453 (stating: "the persons required to register would incur the likely significant costs of implementing, among other things, policies and procedures, technology systems, and training programs to address requirements imposed by [swap dealer] regulations.") (citation omitted), and 27454 (stating: "the costs associated with registering as [a swap dealer] may exceed the revenue from dealing swaps for many small or mid-sized banks and non-financial entities.")

³⁰ See BANK FOR INT'L SETTLEMENTS, TRIENNIAL SURVEY OF FOREIGN EXCHANGE AND OTC DERIVATIVES TRADING, Table D11.3 (May 3, 2018), available at https://www.bis.org/statistics/d11_3.pdf (showing the following turnover rates in U.S. Dollars in 2016: (1) Brazil - \$51 billion; (2) India - \$58 billion; (3) South Korea - \$84 billion; (4) Taiwan - \$32 billion; (5) Malaysia - \$18 billion; and (6) Chile - \$12 billion.)

³¹ Determination of Foreign Exchange Swaps and Foreign Exchange Forwards Under the Commodity Exchange Act, 77 Fed. Reg. 69694 (Nov. 20, 2012) (the "Treasury Determination").

³² See 83 Fed. Reg. at 27470.

³³ 77 Fed. Reg. at 69704 (citation omitted).

should be exempt from the definition of “swap” in issuing its determination.³⁴ Thus, the Commission's determination as to whether NDFs should be excluded from the de minimis calculation should not be influenced by the Treasury Determination, where the distinction or basis for the difference in treatment of FX forwards and NDFs was not the issue being addressed.

C. Excluding NDFs from the De Minimis Calculation Will Further the Efficient Use of Agency Resources.

In determining that FX swaps and FX forwards were exempt from the “swap” definition, the Treasury Department noted several key aspects of the FX markets that support NDFs exclusion from the de minimis calculation. For example, FX products are subject to substantially shorter maturities than other derivatives products.³⁵ As a result, they contribute much less to systemic risk because there is less time over which a counterparty could fail to make payment.³⁶ Moreover, FX markets are highly liquid and transparent which permits counterparties to have ready access to pricing information via a multitude of sources.³⁷ The more liquid the market, the more counterparty protection is inherently available.³⁸

Given the decreased systemic risk and increased amount of counterparty protection that already exists in FX markets, the CFTC's resources are better focused on other swaps products and NDFs should be excluded from the de minimis calculation.

IV. The Commission Should Exclude Third-Party Swaps and Prime Broker Swaps from the De Minimis Calculation.

Certain liquidity providers have established relationships with swap dealers that are registered with the CFTC. The liquidity providers act as undisclosed agents of swap dealers (who are “**Prime Brokers**”) when trading on anonymous platforms. Meaning, the liquidity providers place bids and offers electronically on a SEF in a Prime Broker's name. The bids and offers placed are required to meet certain pre-determined criteria, as agreed to by the applicable liquidity provider and Prime Broker (*i.e.*, certain products or credit, settlement, or other risk limits). Once the bid or offer submitted by the liquidity provider is matched, the liquidity provider enters into the trade, on behalf of the Prime Broker, with a third-party (the “**Third-Party Swap**”). At the same time, the liquidity provider enters into an equal, but opposite, trade with the Prime Broker bilaterally, away from the SEF (the “**Prime Broker Swap**”). As it is an anonymous venue, the liquidity provider does not have a contractual relationship with or know the identity of the third-party with whom the Prime Broker also transacts, via the Third-Party Swap. This type of relationship between a Prime Broker and liquidity provider has been contemplated and approved by a SEF and submitted to the CFTC.³⁹

With regards to Third-Party Swaps, liquidity providers are not parties to such swaps. The nature of the liquidity provider's involvement is recognized in exchange rule.⁴⁰ On that basis alone, liquidity providers should not be

³⁴ See *id.* at 69694.

³⁵ See *id.* at 69697 (stating: “interest rate swaps and credit default swaps generally have maturity terms between two and thirty years, and five to ten years, respectively. In stark contrast, over 98 percent of [FX] swaps and forwards mature in less than one year, and 68 percent mature in less than one week.”) (internal citations omitted). The NDF market sees maturity periods that are similarly short compared to other markets (*e.g.*, one month, three months).

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.* at 69699 (stating: “[a]pproximately 41 percent and 72 percent of [FX] swaps and forwards, respectively, already trade across a range of electronic platforms and the use of such platforms has been steadily increasing in recent years.”) (citation omitted).

³⁹ NEX SEF Rule 215, available at http://www.nexsef.com/wp-content/uploads/2018/06/NEX-SEF-Exhibit-M-1-Facility-Rulebook-v1.9-Filed-6-8-18-213366248_64.pdf.

⁴⁰ *Id.* (stating: “[e]ach Trading Privilege Holder that is the subject of a Prime Broker Representation may enter Bids/Offer or Pre-Arranged Crosses with respect to Non-Cleared Contracts *in the name of and on behalf of* the Prime Broker that provided the Prime Broker Representation.”) (emphasis added).

required to include Third-Party Swaps in any de minimis calculation because the Prime Brokers, as counterparties to the Third-Party Swaps, will be including the swaps in their own de minimis calculations.

Moreover, Third-Party Swaps should not be included in a liquidity provider's de minimis calculation because the identity of the counterparty to Third-Party Swaps is not known to liquidity providers. Transactions on SEF platforms are anonymous. The CFTC explained in the Final Cross-Border Swaps Guidance that,

when a non-U.S. person that is not a guaranteed or conduit affiliate enters into swaps anonymously on a registered DCM, SEF, or [foreign board of trade] and such swaps are cleared, the non-U.S. person would generally not have to count such swaps against its de minimis threshold. The Commission understands that in these circumstances, the non-U.S. person would not have any prior information regarding its counterparty to the swap.⁴¹

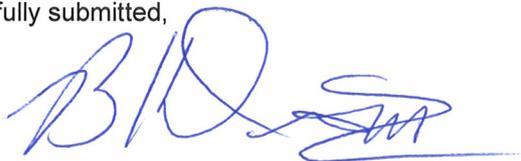
Third-Party Swaps generally fall within the language of the Cross-Border Guidance, with the caveat that the transactions are uncleared. However, the same practical and policy issues support excepting these swaps from the de minimis calculation. If liquidity providers cannot identify the party facing a Prime Broker, they cannot determine whether that party is, or is not, a U.S. Person.

With regards to Prime Broker Swaps, there, the liquidity provider's counterparty is a registered swap dealer. Thus, the swap dealer is required to comply with all CFTC regulatory requirements related thereto. There is no additional benefit (only considerable burden) associated with requiring liquidity providers to count such positions towards a de minimis calculation.

V. Conclusion

XTX appreciates the considerable attention that the Commission has paid to the swap dealer de minimis threshold over the last several years. XTX supports the Commission's determination that the de minimis threshold should not be decreased and further recommends that the Commission exclude: (1) exchange-traded and/or cleared swaps; (2) NDFs; and (3) Third-Party Swaps and Prime Broker Swaps from the de minimis calculation.

Respectfully submitted,



Bernard H. Denis III, Chief Compliance Officer

Copy Honorable J. Christopher Giancarlo, Chairman
 Honorable Rostin Behnam, Commissioner
 Honorable Brian D. Quintenz, Commissioner
 Matthew Kulkan, Director, Division of Swap Dealer and Intermediary Oversight
 Erik Remmler, Deputy Director, Division of Swap Dealer and Intermediary Oversight

⁴¹ Interpretive Guidance and Policy Statement Regarding Compliance With Certain Swaps Regulations, 78 Fed. Reg. 45292, 45325 (July 26, 2013) (internal footnote omitted).