Please note that the comments expressed herein are solely my personal views

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

Chris Barnard

09 September 2022

**- 17 CFR Part 240**
**- Release No. 34-95431; File No. S7-21-22**
**- Clearing Agency Governance and Conflicts of Interest**

Dear Sir.

Thank you for giving us the opportunity to comment on your proposed rule on Clearing Agency Governance and Conflicts of Interest.

You are proposing rules under the Securities Exchange Act of 1934 (Exchange Act) to help improve the governance of clearing agencies registered with the SEC (registered clearing agencies) by reducing the likelihood that conflicts of interest may influence the board of directors or equivalent governing body of a registered clearing agency. The proposed rules would identify certain responsibilities of the board, increase transparency into board governance, and, more generally, improve the alignment of incentives among owners and participants of a registered clearing agency. In support of these objectives, the proposed rules would establish new requirements for board and committee composition, independent directors, management of conflicts of interest, and board oversight.

Regarding the national system for clearance and settlement, I agree with you that: “the resilience of this system and the entities on which it depends ultimately will be a function of the ability of clearing agencies to implement and maintain effective governance and risk management”[1]. To this end, I strongly support proposed Rule 17Ad-25(b)(1) on the composition of the board of directors, which states that: “A majority of the members of the

[1] See SEC Division of Trading and Markets and Office of Compliance Inspections and Examinations, Staff Report on Clearing Agencies (Oct. 1, 2020), available at: https://www.sec.gov/files/regulation-clearing-agencies-100120.pdf

board of directors of a registered clearing agency must be independent directors, unless a majority of the voting rights issued as of the immediately prior record date are directly or indirectly held by participants, in which case at least 34 percent of the members of the board of directors must be independent directors." I have always supported that a majority of directors on the board be independent,[2] as this would reduce the risk that conflicts of interest inherent in clearing agency relationships could substantially harm the security-based swaps or wider financial market.

Proposed Rule 17Ad-25(g) requires each registered clearing agency to establish, implement, maintain, and enforce written policies and procedures that identify, mitigate or eliminate, and document the identification and mitigation or elimination of conflicts of interest. I agree with this. As a minimum, such policies and procedures should require anyone involved in the business to act with good faith and avoid where possible potential areas of conflicts of interest. Therefore, I also agree with proposed Rule 17Ad-25(h), which would require a director to document and inform the registered clearing agency promptly of the existence of any relationship or interest that reasonably could affect the independent judgment or decision-making of the director.

Yours faithfully

Chris Barnard

[2] For example, see my comment letter on your proposed rule Ownership Limitations and Governance Requirements for Security-Based Swap Clearing Agencies, Security-Based Swap Execution Facilities, and National Securities Exchanges with Respect to Security-Based Swaps under Regulation MC, available at: https://www.sec.gov/comments/s7-27-10/s72710-116.pdf