

## MEMORANDUM

TO: File No. S7-39-10  
FROM: Jeffrey Dinwoodie  
RE: Meeting with Representatives of the Asset Management Group of the  
Securities Industry Financial Markets Association  
DATE: March 22, 2011

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On March 22, 2011, representatives from the Securities and Exchange Commission (“SEC”) and the Commodity Futures Trading Commission (“CFTC”) participated in a meeting with representatives from the Asset Management Group of the Securities Industry Financial Markets Association (“SIFMA AMG”). The SEC representatives, all of whom were present at the meeting, were Joshua Kans, Tom Eady, Peter Curley, Richard Grant, and Jeffrey Dinwoodie. The CFTC representatives, all of whom were present at the meeting, were Mark Fajfar, Rose Troia, and Stephen Kane. The SIFMA AMG representatives, all of whom were present at the meeting, were Matt Nevins (Fidelity), William Thum (Vanguard), Christine Ayotte-Brennan (Fidelity), Charles Mulhern (Wellington), Wendy Yun (Goldman Sachs Asset Management), Nevis Bregasi (MFS), Peter Ryan (SIFMA), and Tim Cameron (SIFMA). At the meeting, the SIFMA AMG representatives provided their views and observations on the proposed rules to further define the terms “major swap participant” and “major security-based swap participant” (File No. S7-39-10). The SIFMA AMG representatives also distributed and discussed the attached document.

**SAMPLE PORTFOLIO FOR MSP TESTS**

March 22, 2011

**SWAPS AND SECURITY-BASED SWAPS GOVERNED BY ISDA MASTER AGREEMENT AND CREDIT SUPPORT ANNEX**

	Dealer A (threshold = 1, MTA = 1.5)			Dealer B (threshold = 3, MTA = 250)			Dealer C (threshold = 2, MTA = 1)			Aggregate Totals			
	Exp.	IA	PE	Exp.	IA	PE	Exp.	IA	PE	Exp.	IA	PE	
<b>IRS</b>	-10	-0.500	-0.325	-25	0	-0.325	+5	-0.500	-0.325	-30	-1.0	-31.0	-30.975
(2mm 0.8 yr.)	+2	-0.050	-0.000	+10		-0.000	+10	-0.050	-0.000				
(5mm 2 yr.)	-15	-0.100	-0.025	-35		-0.025	-3	-0.100	-0.025				
(10mm 10 yr.)	-3	-0.150	-0.150	+4		-0.150	-6	-0.150	-0.150				
10mm 10 yr.	+6	-0.200	-0.150	-4		0.150	+4	-0.200	0.150				
<b>FX and Gold</b>	+20	-0.750	-1.770	+10	0	-1.770	-10	-0.750	-1.770	+20	-1.5	+18.5	+14.69
(2mm 0.8 yr.)		-0.050	-0.020			-0.020		-0.050	-0.020				
(5mm 2 yr.)		-0.150	-0.250			-0.250		-0.150	-0.250				
(10mm 10 yr.)		-0.200	-0.750			-0.750		-0.200	-0.750				
10mm 10 yr.		-0.350	-0.750			-0.750		-0.350	-0.750				
<b>Metals (ex gold)</b>	+3	-1.500	-2.090	-8	0	-2.090	-6	-1.500	-2.090	-11	-3.0	-14.0	-17.27
(2mm 0.8 yr.)		-0.100	-0.140			-0.140		-0.100	-0.140				
(5mm 2 yr.)		-0.300	-0.350			-0.350		-0.300	-0.350				
(10mm 10 yr.)		-0.400	-0.800			-0.800		-0.400	-0.800				
10mm 10 yr.		-0.700	-0.800			-0.800		-0.700	-0.800				
<b>CDS (S)</b>	+5	-1.750	-3.100	-8	0	-3.100	+4	-1.750	-3.100	+1	-3.5	-2.5	-8.30
Buy 8mm 5 yr.		-0.030	-0.800			-0.800		-0.030	-0.800				
Buy 5mm 10yr.		-0.020	-0.500			-0.500		-0.020	-0.500				
Sell 12mm 5 yr.		-1.000	-1.200			-1.200		-1.000	-1.200				
Sell 6mm 10 yr.		-0.700	-0.600			-0.600		-0.700	-0.600				
<b>Equity (S)</b>	+2	-1.500	-2.520	+6	0	-2.520	+5	-1.500	-2.520	+13	-3.0	+10.0	+5.44
(2mm 0.8 yr.)		-0.100	-0.120			-0.120		-0.100	-0.120				
(5mm 2 yr.)		-0.300	-0.400			-0.400		-0.300	-0.400				
(10mm 10 yr.)		-0.400	-1.000			-1.000		-0.400	-1.000				
10mm 10 yr.		-0.700	-1.000			-1.000		-0.700	-1.000				
<b>Other (S)</b>	-15	-2.000	-3.800	-5	0	-3.800	-18	-2.000	-3.800	-38	-4.0	-42.0	-49.40
(2mm 0.8 yr.)		-0.200	-0.200			-0.200		-0.200	-0.200				
(5mm 2 yr.)		-0.400	-0.600			-0.600		-0.400	-0.600				
(10mm 10 yr.)		-0.800	-1.500			-1.500		-0.800	-1.500				
10mm 10 yr.		-0.600	-1.500			-1.500		-0.600	-1.500				

**CATEGORIES BASED ON CFIC PROPOSED FACTOR MATRIX FOR SWAPS**

**SAMPLE PORTFOLIO FOR MSP TESTS**

**March 22, 2011**

	Dealer A (threshold = 1, MTA = 1.5)			Dealer B (threshold = 3, MTA = 250)			Dealer C (threshold = 2, MTA = 1)			Aggregate Totals			
	Exp.	IA	PE	Exp.	IA	PE	Exp.	IA	PE	Exp.	IA	PE	
<b>CDS (SBS)</b>	+10	-1.750	-3.100	+6	0	-3.100	-9	-1.750	-3.100	+7	-3.5	+3.5	-2.30
Buy 8mm 5 yr.		-0.030	-0.800			-0.800		-0.030	-0.800				
Buy 5mm 10yr.		-0.020	-0.500			-0.500		-0.020	-0.500				
Sell 12mm 5 yr.		-1.000	-1.200			-1.200		-1.000	-1.200				
Sell 6mm 10 yr.		-0.700	-0.600			-0.600		-0.700	-0.600				
<b>Equity (SBS)</b>	-3	-1.500	-2.520	+2	0	-2.520	+5	-1.500	-2.520	+4	-3.0	+1.0	-3.56
(2mm 0.8 yr.)		-0.100	-0.120			-0.120		-0.100	-0.120				
(5mm 2 yr.)		-0.300	-0.400			-0.400		-0.300	-0.400				
(10mm 10 yr.)		-0.400	-1.000			-1.000		-0.400	-1.000				
10mm 10 yr.		-0.700	-1.000			-1.000		-0.700	-1.000				
<b>Other (SBS)</b>	-7	-2.000	-3.800	-8	0	-3.800	+4	-2.000	-3.800	-11	-4.0	-15.0	-22.40
(2mm 0.8 yr.)		-0.200	-0.200			-0.200		-0.200	-0.200				
(5mm 2 yr.)		-0.400	-0.600			-0.600		-0.400	-0.600				
(10mm 10 yr.)		-0.800	-1.500			-1.500		-0.800	-1.500				
10mm 10 yr.		-0.600	-1.500			-1.500		-0.600	-1.500				
<b>Totals</b>	+5	-13.250	-23.025	-30	0	-23.025	-20	-13.250	-23.025	-45.0	-26.5	-71.50	-114.08
E+IA		Posted		E+IA	Posted		E+IA	Posted		E+IA	Posted		
	-8.25	+5.75		-30	+26.75		-33.25	+30.25		-71.5	+62.75		

**CATEGORIES BASED ON SEC PROPOSED FACTOR MATRIX FOR SECURITY-BASED SWAPS**

**SWAPS AND SECURITY BASED SWAPS SUBJECT TO CENTRAL CLEARING**

	Clearing House A			Clearing House B			Clearing House C			Aggregate Totals		
	Exp.	Initial	PE	Exp.	Initial	PE	Exp.	Initial	PE	Exp.	Initial	PE
<b>IRS</b>	-10	-0.500	-0.325	0	0	0	0	0	0	-10	-10.500	-10.325
<b>FX and Gold</b>	0	0	0	+20	-0.750	-1.770	0	0	0	+20	-19.250	-18.230
<b>Metals (ex gold)</b>	0	0	0	+3	-1.500	-2.090	0	0	0	+3	+1.500	+0.910
<b>CDS (swaps)</b>	+5	-1.750	-3.100	0	0	0	0	0	0	+5	+3.250	+1.900
<b>Equity (swaps)</b>	0	0	0	0	0	0	+2	-1.500	-2.520	+2	+0.500	-0.480
<b>Other (swaps)</b>	0	0	0	-15	-2.000	-3.800	0	0	0	-15	-17.000	-18.800
<b>CDS (SBS)</b>	+10	-1.750	-3.100	0	0	0	0	0	0	+10	+8.250	+6.900
<b>Equity (SBS)</b>	0	0	0	0	0	0	-3	-1.500	-2.520	-3	-4.500	-5.520
<b>Other (SBS)</b>				-7	-2.000	-3.800	0	0	0	-7	-9.000	-10.800

**SAMPLE PORTFOLIO FOR MSP TESTS**

**March 22, 2011**