FOREST CITY
CAPITAL

VIA E-MAIL – Rule-Comments@SEC.gov

February 11, 2016

Secretary
Securities and Exchange Commission
100 F Street, NE,
Washington, D.C. 20549-1090

RE: File Number SR-FINRA-2015-036
Order Instituting Proceedings to Determine Whether To Approve or Disapprove Proposed Rule Change to Amend FINRA Rule 4210 (Margin Requirements) To Establish Margin Requirements for the TBA Market, as Modified by Partial Amendment No. 1.

Dear Sir/Madam:

Forest City Capital Corporation previously submitted comments in opposition to the proposed rule published October 20, 2015 requiring the posting of margin for covered agency transactions as to the To Be Announce (TBA") market. We were in opposition to this proposed rule as it pertained to Agency backed multifamily project loans ("multifamily housing project loan program securities"). We strongly support Partial Amendment No. 1, published on January 15, 2016, which would not mandate Broker-Dealers to require their counterparties post margin for these securities, subject to certain conditions. These conditions include 1) securities issued in conformity with a program of an Agency, as defined in FINRA Rule 6710(k), or a GSE, as defined in FINRA Rule 6710(n), and are documented as Freddie Mac K Certificates, Fannie Mae Delegated Underwriting and Servicing bonds, or Ginnie Mae Construction Loan or Project Loan Certificates; and 2) members make a written risk limit determination for each such counterparty that the member shall enforce pursuant to paragraph (e)(2)(H)(ii)b of Rule 4210. These conditions are prudent and can easily be implemented without adversely impacting the multifamily Agency securities.

Forest City Capital Corporation would like to offer the following comments on this proposed Rule as modified by Partial Amendment No. 1. First, we appreciate the SEC/FINRA staff considering the unique attributes of the multifamily agency lending characteristics in this rule-making process. We understand that the gravity of the recent recession and its origination within the housing finance industry requires the SEC/FINRA to evaluate and assess the efficacy of newly issued and proposed rules so that future systemic risks are greatly diminished. Members of the Mortgage Bankers Association welcome the opportunity to engage the SEC/FINRA staff on this and any future analysis or proposed rule-making that pertain to the multifamily agency arena. We strongly believe our current and historic track record and business practices provide sufficient risk mitigation so as to not pose a systemic risk or counterparty risk to Broker-Dealer members.

Secondly, we would like to request the SEC/FINRA consider the fact that these securities, as defined in the Partial Amendment No. 1 are currently well known within the industry but that there may be similar such multifamily securities with the same characteristics that are created by the Agencies in the future which do not share the same name and could potentially be viewed as subject to mandatory margining. We request the SEC/FINRA consider adding "or other securities with substantially similar characteristics issued in conformity with a program of an Agency or GSE securities" immediately after

"Ginnie Mae Construction Loan or Project Loan Certificates". I believe this recommendation is supported by the Mortgage Bankers Association in their follow up comment letter as well. In light of the fact that housing finance reform could very well be considered in the next Administration, it would seem prudent to create a broad enough definition of these securities so that any new Agency or industry nomenclature would not require subsequent clarification via rule-making.

Lastly, we are somewhat concerned that Credit Risk Officers or Committee members of Broker-Dealers, may still feel compelled to implement margining of these securities regardless of the extensive risk management currently in place and the strong record of multifamily agency securities deliveries in all market conditions. The proposed Rule Modified by Partial Amendment No. 1 states that "FINRA believes that the proposed exception for multifamily and project loan securities is appropriate at this time" as these securities are a relatively small portion of the Covered Agency Transactions market overall and thus less likely to pose a systemic risk to the financial system. However, the Rule as modified by Partial Amendment No. 1 further states that, "In light of ongoing analysis in this area, FINRA may consider additional rulemaking if necessary".

We would prefer the SEC/FINRA consider stating something to the effect that there are no conditions or concerns at this time that would require the mandatory posting of margin by Broker-Dealer so long as the above two conditions are followed and that if market conditions or future analysis identified such concerns, additional rules may follow. I believe such language clarifies that Credit Risk Officers or Credit Risk Committee members need not arbitrarily implement margining in order to demonstrate vigorous and robust credit management practices that could reduce the number of participants active in this market. If the SEC/FINRA feel the current language is clear enough, perhaps staff would be willing to participate in meetings, conference calls, or other forms of outreach with participants to confirm their intent.

Again, we greatly appreciate SEC/FINRA staff for their thoughtful consideration of the impact this rule posed to the multifamily sector and strongly support the modification to Partial Amendment No. 1. Industry members welcome the opportunity to engage with SEC/FINRA staff in any future dialogue on this matter.

Sincerely,

FOREST CITY CAPITAL CORPORATION

Tony Love
Vice President