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February 7, 2012

The Honorable Scott Garrett
Chairman
Subcommittee on Capital Markets
and Government Sponsored Enterprises
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Garrett:

We appreciate the Subcommittee holding a hearing on *Limiting the Extraterritorial Impact of Title VII of the Dodd-Frank Act*, and applaud the leadership of both you and Representative Himes in introducing H.R. 3283, *The Swap Jurisdiction Certainty Act*, which we strongly support. The Institute of International Bankers (“IIB”) has previously raised before the Congress and the regulators a number of concerns with respect to the extraterritorial application of Title VII of the Dodd-Frank Act (DFA). The DFA, as well as the commitment of the G-20 leaders, recognizes the need for international coordination with respect to cross-border swaps transactions. In this spirit, Sections 722(d) and 772(c) of the DFA generally exclude from regulation under Title VII “activities outside of the United States” or those conducted “without the jurisdiction of the United States.”

To date, neither the Commodity Futures Trading Commission nor the Securities and Exchange Commission has clarified the extraterritorial application of Title VII. Nevertheless, in mid-January of this year, the CFTC issued a final rule requiring swap dealers to register. Consequently, firms engaged in cross-border swap activities—both those headquartered in the U.S. and those headquartered outside the U.S.—are at a lost to determine how Title VII’s requirements might apply to their non-U.S. operations and whether these requirements might duplicate and possibly conflict with the laws and regulations of foreign jurisdictions with respect to key matters as capital, margin, clearing and exchange trading.

These unanswered questions have created great uncertainty for global swap dealers and the markets. H.R. 3283 will bring much needed certainty to the markets by making clear, among other things, that home offices of internationally headquartered firms that register as U.S. swap dealers will be subject to the requirements of Title VII only with respect to swaps that they enter



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into with non-affiliated U.S. persons and, consistent with long-standing U.S. policy, they may rely on their home country capital requirements to satisfy the capital requirements under Title VII, provided that the home country capital requirements are comparable to the Title VII requirements and the home country is a signatory to the Basel Capital Accords.

Again, we applaud you and Representative Himes for your leadership on this important issue and we strongly support H.R. 3283.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sarah A. Miller', written in a cursive style.

Sarah A. Miller
Chief Executive Officer

cc: The Honorable Spencer Bachus
The Honorable Barney Frank
The Honorable Maxine Waters
The Honorable Jim Himes