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Mr. Robert deV. Frierson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW.  
Washington, DC 20551

Re: Prohibition Against Federal Assistance to Swaps Entities (Regulation KK)  
(Docket No. R-1458, RIN 7100-AD96)

Dear Mr. Frierson:

The Institute of International Bankers (“**IIB**”) appreciates the opportunity to comment on Regulation KK adopted by the Board of Governors of the Federal Reserve System (the “**Board**”) as an interim final rule effective June 10, 2013.<sup>1</sup> Regulation KK implements Section 716(f) of the Dodd-Frank Wall Street Reform and Consumer Protection Act by prescribing the procedures and standards applicable to the Board’s consideration of transition period requests submitted thereunder by state member banks and uninsured, state-licensed branches and agencies of foreign banks. Further, Regulation KK defines the term “insured depository institution” as used in Section 716 generally to include “any uninsured U.S. branch or agency of a foreign bank.”

The IIB and its members applaud the issuance of Regulation KK as an interim final rule and strongly support its adoption as a final rule. We agree with the Board’s diligent analysis of Congressional intent regarding Section 716 and recommend that Regulation KK be finalized without revision.

The following comments are provided in response to Board’s specific questions:

**Question 1.** Is it appropriate and consistent with section 716 to define insured depository institution to include an uninsured U.S. branch or agency?

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<sup>1</sup> See 78 Fed. Reg. 34545 (June 10, 2013).



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It is entirely appropriate and consistent with Section 716 to define insured depository institution to include an uninsured U.S. branch or agency. Indeed, as is evident from the legislative history of Section 716, excluding uninsured U.S. branches and agencies from the definition of insured depository institution for purposes of Section 716 would be in direct conflict with the Congressional intent regarding Section 716.<sup>2</sup> The Board has properly interpreted the meaning of “insured depository institution” for purposes of Section 716, and the definition provided for in Regulation KK enables the appropriate implementation of Section 716.

Question 2. How could the transition period process be modified to better achieve the purposes of section 716? Are there any additional factors that the Board should consider in reviewing a request for a transition period?

The IIB and its members appreciate the Board’s expeditious action on transition period requests submitted in advance of Section 716’s July 16, 2013 effective date. The factors governing transition period request determinations prescribed in Regulation KK are appropriate, and provide the Board sufficient flexibility to address the particular circumstances presented by individual requests.

Question 3. Are there specific additional conditions or limitations that the Board should, by rule, impose in connection with granting a transition period? If so, what conditions or limitations would be appropriate? Alternatively, should the Board consider what conditions or limitations might be appropriate to apply during a transition period (including any extension thereof) on a tailored or case-by-case basis?

As stated above, the provisions of Regulation KK set forth in the interim final rule provide the Board sufficient discretion and flexibility in connection with acting on transition period requests.

We appreciate the Board’s consideration of our comments on Regulation KK. Please contact the undersigned if we can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Sarah A. Miller". The signature is written in a cursive, flowing style.

Sarah A. Miller  
Chief Executive Officer

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<sup>2</sup> See 156 Cong. Rec. S5094 (daily ed. July 15, 2010 (colloquy between Senators Lincoln and Dodd)).