

Michael Lovendusky
Vice President & Associate General Counsel

27 August 2020

Legislative and Regulatory Affairs Division
Office of the Comptroller of the Currency
RIN 1557-AE98
Docket ID OCC-2020-0027
Via regs.comments@occ.treas.gov

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
Attn: Comments/RIN 2590-AB03
Via RegComments@fhfa.gov

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve
System
Docket No. R-1721, RIN No. 7100-AF92
Via regs.comments@federalreserve.gov;

David P. Grahn, Director
Office of Regulatory Policy
Farm Credit Administration
RIN 3052-AD34
Via reg-comm@fca.gov

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
RIN 3064-AF55
Via comments@fdic.gov

Re: Margin and Capital Requirements for Covered Swap Entities, Interim Final Rule

Ladies and Gentlemen:

The American Council of Life Insurers (ACLI) would like to join the letter recently submitted by the International Swaps and Derivatives Association (ISDA), to strongly support the adoption of the Interim Final Rule¹ of the U.S. prudential regulators² in respect of the Agencies' *Margin and Capital Requirements for Covered Swap Entities* (the "Margin Rules"). The Interim Final Rule defers the compliance dates for application of initial margin (IM) requirements for Covered Swap Entities (CSEs) and covered counterparties with an average aggregate notional amount exceeding \$50 billion (Phase 5) and material swaps exposure (i.e. \$8 billion) (Phase 6) to 2021 and 2022 respectively.

In addition to supporting the entirety of ISDA's letter, the ACLI would additionally encourage the Agencies to consider addressing, in coordination with the Commodity Futures Trading Commission (CFTC), the recommendations made to the CFTC's Global Markets Advisory Committee in the *Recommendations to Improve Scoping and Implementation of Initial Margin Requirements for Non-Cleared Swaps*³ (GMAC Report), especially with respect to the recommendations related to the:

¹ 85 Fed. Reg. 39465 (July 1, 2020)

² The U.S. prudential regulators include: the Treasury Department (Office of the Comptroller of the Currency) ("OCC"); Board of Governors of the Federal Reserve System ("Federal Reserve"); Federal Deposit Insurance Corporation ("FDIC"); Farm Credit Administration ("FCA"); and the Federal Housing Finance Agency ("FHFA"), hereafter referred to collectively as "the Agencies."

³ https://www.cftc.gov/media/3886/GMAC_051920MarginSubcommitteeReport/download

- Removal of Consolidation Requirement for Seeded Funds;
- Application of Separate Initial Margin Thresholds for Each Separately Managed Account;
- Granting Relief Related to Minimum Transfer Amounts;
- Removal of Certain Collateral Eligibility Restrictions on Money Market Funds; and
- Removal of Deliverable FX from Material Swaps Exposure Calculation.

The American Council of Life Insurers is a national trade association with 280 member companies that represent 95 percent of life insurance industry assets, 92 percent of life insurance premiums, and 97 percent of annuity considerations in the United States. Our members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance that 75 million American families rely on for financial and retirement security. Thank you for the swift and decisive actions taken by the Agencies to provide timely and valuable regulatory relief to market participants in response to the global COVID-19 pandemic, and for taking final action to defer Phase 5 and 6 compliance dates, to 2021 and 2022 respectively, for application of initial margin requirements for Covered Swap Entities and covered counterparties.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Lovendusky". The signature is fluid and cursive, with a long horizontal stroke at the end.

MICHAEL LOVENDUSKY
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