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# United States Senate

WASHINGTON, DC 20510

January 29, 2014

COMMITTEES:

FINANCE

BANKING, HOUSING, AND  
URBAN AFFAIRS

ENVIRONMENT AND PUBLIC WORKS

BUDGET

INDIAN AFFAIRS

The Honorable Mary Jo White  
Chair  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Dear Chair White:

I am writing to request that you direct your staff in the Division of Trading and Markets (Division) to act promptly with respect to the initial margin regime currently in place for cleared Credit Default Swap (CDS) portfolios. I understand that two years ago the U.S. Securities and Exchange Commission (SEC or Commission) approved an initial margin regime for broker-dealers to permit the portfolio margining of swaps (under Commodity Futures Trading Commission, or CFTC jurisdiction) and securities based swaps (under SEC jurisdiction) by broker-dealers. The SEC did not address requirements for non-broker dealer market participants at that time. I also understand that over the past year the Division has issued a series of temporary conditional orders to non-broker dealer market participants to permit the portfolio margining of swaps and securities based swaps. Those temporary conditional orders are set to expire on January 31, 2014, creating significant uncertainty in the marketplace. Time is of the essence to fix this disparity of treatment between broker-dealers and non-broker dealer market participants.

In adopting the Dodd-Frank Act, Congress instructed the SEC to facilitate portfolio margining of swaps and security-based swaps for all market participants. I am concerned that the Commission has yet to issue final standards in a timely manner for the statutory mandate. In light of the above, I respectfully request that you direct your staff in the Division of Trading and Markets to extend the interim regime for non-broker dealer market participants for a period of at least 90 days. During that extension of time, I urge the Commission to take up this issue and make permanent the initial margin regime for CDS portfolios and facilitate portfolio margining for all market participants.

Sincerely,



Mike Crapo