



June 6, 2011

Office of Financial Markets  
Department of the Treasury  
1500 Pennsylvania Avenue N.W.  
Washington, DC 20220

Submitted electronically via the web at: <http://www.regulations.gov>

Submitted via email to: [fxproposal@treasury.gov](mailto:fxproposal@treasury.gov)

Dear Sir/Madam:

The Association for Financial Professionals (AFP) appreciates the opportunity to express our thoughts on the notice of proposed determination on Foreign Exchange Swaps and Forwards recently announced by the Department of Treasury. We are happy to learn that Treasury has gone a step further by exempting all foreign exchange swaps and forwards from central clearing requirements and exchange trading requirements. We appreciate the continued deliberation and action of the Department as you consider all of the new rules affecting the regulation of the over-the-counter (OTC) derivatives market that have come as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

As the global daily resource and advocate for over 16,000 finance and treasury professionals in the United States, AFP and our members have fully supported the idea of improving the regulations surrounding derivatives while protecting and improving the ability of financial professionals and their organizations to manage normal business risks. We maintain that derivative products are essential risk management tools that financial professionals rely on to help stabilize prices and mitigate risk. Throughout the legislative and rule making process, we have been extremely supportive of regulations that encourage secure and transparent markets.

AFP members manage and safeguard the financial assets of more than 5,000 U.S. organizations. Many of our members are responsible for issuing short-and long-term debt and for managing the corporate cash, 401(k) plans, and pension assets of their organizations. Many AFP members use foreign exchange swaps in their daily business to mitigate risk for their organizations. We applaud the Treasury Department for recognizing the inherent differences in these specific products and your efforts seeking to preserve their usage for the purposes of hedging or mitigating commercial risk.

While we are happy to learn that the Treasury Department has gone a step further by exempting all foreign exchange swaps and forwards from central clearing and exchange trading requirements, we must be vigilant to ensure that other prudential regulators continue to protect the ability of end users to use sound risk management tools to manage the risks they encounter in the normal course of their business.

We were concerned that strict regulations mandating the clearing of derivatives or the imposition of margin requirements on end users might negatively impact members' ability to manage these risks. The Dodd Frank law effectively addressed these concerns by including a broad end-user exemption that is intended to allow most businesses to continue to use these important risk management tools while improving the safety of the derivatives market. We must be vigilant to ensure that other prudential regulators continue to protect the ability of end users to use sound risk management tools to manage the risks they encounter in the normal course of their business.

We thank the Treasury Department and its staff for its hard work and consideration of AFP's views on this matter. Please do not hesitate to contact AFP's Director, Finance Practice Lead, Brian Kalish, at 301.961.6564 or [bkalish@afponline.org](mailto:bkalish@afponline.org), if you have further questions on AFP or our members' practices.

Sincerely,

A handwritten signature in cursive script that reads "James A. Kaitz".

James A. Kaitz  
President and CEO  
Association for Financial Professionals

Cc: The Honorable Mary Schapiro, U. S. Securities and Exchange Commission  
The Honorable Gary Gensler, Commodity Futures Trading Commission