By e-mail only

DACSI 12-1143

To: Basel Committee on Banking Supervision
International Organization of Securities Commissions

e-mail: baselcommittee@bis.org
wgmr@iosco.org

Amsterdam, 28 September 2012

Dear Madam, Sir,

Re: **Margin requirements for non-centrally-cleared derivatives**

Thank you for the opportunity to comment on your consultative paper "Margin requirements for non-centrally-cleared derivatives". We hope that our comments will contribute to this challenging and valuable consultation process. Representing the interests of our members as users/clients of infrastructure service providers in the field of securities, we* restrict our comments to Element 6 of the consultative paper: Treatment of transactions with affiliates.

Affiliate transactions - Questions 25 and 26

Transactions between entities within a group are often executed in the framework of central risk monitoring and risk management. These affiliate transactions or back-to-back transactions would be materially hampered if variation or initial margin would have to be exchanged.

Imposing variation or initial margin requirements for transactions between financial institutions in the same group does not add value if the entities are fully consolidated and/or work under a cross guarantee, institutional protection scheme or another safeguard as mentioned in article 3, paragraph 2 of the European Markets Infrastructure Regulation (EMIR). Of course, if needed under these safeguards, the prompt transfer of own funds or repayment of liabilities between counterparties must be possible. Therefore, when meeting the conditions as mentioned in article 11, paragraph 5, 6 and 8 of EMIR, affiliate transactions are exempted from mandatory exchange of collateral.

Because of the different regulatory treatment of derivatives in the world there is a material risk that financial institutions with international derivatives operations will be confronted with double and conflicting regulation. If this would lead to regionalisation of the derivatives business, central risk management by global groups would be adversely affected.

* The Dutch Advisory Committee Securities Industry is the principal, not for profit association in The Netherlands for firms active in the securities industry. The Association represents the interests of its members on all aspects of their securities and securities related business - both domestic and international - and positions the Dutch view to the market infrastructures service providers and regulatory authorities in The Netherlands and the European Union.

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Concluding, we strongly advocate that the EMIR approach regarding affiliate transactions will remain intact for European financial institutions, and that the global standards as developed in this consultation process provide room for this balanced European framework.

Kind regards,

Dutch Advisory Committee Securities Industry
(DACSI)

Ruud Sleenhoff, chairman

Peter Bouma, chair of the DACSI Task Force EMIR

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