



March 12, 2019

Shagufta Ahmed  
Desk Officer  
Office of Information and Regulatory Affairs  
Office of Management and Budget  
Washington, DC 20530

Dear Ms. Ahmed:

The Office of the Comptroller of the Currency (OCC) hereby requests emergency approval for a new collection of information contained in its Swap Margin Interim Final Rule (the Interim Final Rule) pursuant to the Office of Management and Budget's Paperwork Reduction Act (PRA) emergency processing procedures at 5 C.F.R. § 1320.13.

The OCC has determined that (1) the collection of information within the scope of this request is needed prior to the expiration of time periods established under 5 C.F.R. § 1320.12; (2) this collection of information is essential to the mission of the OCC; and (3) the OCC cannot reasonably comply with the normal clearance procedures because public harm is reasonably likely to result if normal clearance procedures are followed and the use of normal clearance procedures is reasonably likely to prevent or disrupt the collection of information.

First issued in 2015, the Swap Margin Rule includes a phased compliance schedule from 2016 to 2020 and generally applies only to a non-cleared swap entered into on or after the applicable compliance date. A non-cleared swap entered into prior to an entity's applicable compliance date is "grandfathered" by this regulatory provision and is generally not subject to the margin requirements in the Swap Margin Rule (legacy swap) unless it is amended or novated on or after the applicable compliance date.

The Interim Final Rule addresses a potential impact of the scenario in which the United Kingdom (U.K.) exits from the European Union (E.U.)—also known as Brexit—in the absence of a negotiated withdrawal agreement allowing financial services firms located in the U.K. to continue providing full-scope financial services in the E.U. In that event, numerous U.K. financial services firms may begin to transfer their existing swap portfolios that face counterparties located in the E.U. over to a related establishment of the U.K. financial services firm located within the E.U. or the U.S. Brexit is expected to occur on March 29, 2019. The Interim Final Rule authorizes a financial entity with non-cleared swaps located in the U.K. to relocate existing swap portfolios to

affiliates or other related entities located within the E.U. or U.S., without the legacy swaps in the portfolios becoming subject to the requirements of the Swap Margin Rule.

The Interim Final Rule includes a new information collection requirement for transfers initiated by a covered swap entity's counterparty. For those transfers, the counterparty must make a representation to the covered swap entity that the counterparty performed the transfer in compliance with the requirements of the rule. The representation must provide that (1) the swap was originally entered into before the relevant compliance date and was booked at an entity located in the U.K. and (2) the U.K. entity is amending the swap because of Brexit, transferring the swap to an affiliate in the E.U. or U.S., and the transferee is either a covered swap entity or the counterparty of a covered swap entity.

The Interim Final Rule was issued with an immediate effective date in anticipation of Brexit, which may occur as soon as March 29, 2019. The Agencies also contemplate that financial entities may negotiate and document their desired transfers even before the withdrawal date, under terms that delay consummation of any transfer until withdrawal takes place without an agreement. To ensure the certainty needed to allow the industry to facilitate transfers immediately upon the U.K.'s withdrawal, this timeline requires immediate regulatory relief and prevents the OCC from clearing the collection under 5 C.F.R. § 1320.12 prior to the rule's effective date. Accordingly, the OCC requests emergency clearance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Theodore J. Dowd".

Theodore J. Dowd  
Deputy Chief Counsel