

08-05  
⑤

**AIG Financial Products Corp.**

50 Danbury Road, Wilton CT 06897  
(203) 222-4700 (800) 248-SWAP  
Fax: (203) 222-4780



**COMMENT**

**Received CFTC  
Records Section**  
08/21/08

REC. OF THE SECRETARIAT

3 21 PM 2:41

RECEIVED  
C.F.T.C.

August 21, 2008

David A. Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street N.W.  
Washington, D.C. 20581  
[secretary@cftc.gov](mailto:secretary@cftc.gov)

Re: Request to Exempt Certain Over-the-Counter Swaps From Certain of the Requirements Imposed by Commission Regulation 35.2, Pursuant to the Authority in Section 4(c) of the Commodity Exchange Act

Dear Mr. Stawick:

AIG Financial Products Corp. ("AIG-FP") writes this letter in support of the request by the Chicago Mercantile Exchange ("CME") and the Chicago Board of Trade ("CBOT") for an exemption that would enable them to provide clearing services for certain Over-the-Counter ("OTC") cash settled agriculture swaps. The Commodity Futures Trading Commission ("CFTC") sought comments on the requested exemption in a notice published on July 7, 2008 on page 38403 of the Federal Register (the "Release").

AIG-FP is a derivatives dealer that, among other things, enters into OTC swaps with respect to a broad range of commodities, including agricultural commodities, as well as commodity indexes. AIG-FP is also a co-sponsor of the Dow Jones-AIG Commodity Index<sup>SM</sup>, which includes agricultural commodities.

AIGFP would like to express support for this proposal, for the following reasons:

Financial Integrity: By providing standardized and collateralized counterparty credit for such swaps, this clearing function should provide the availability of greater credit protection to all market participants and should therefore enhance the usefulness of such swaps in risk management. This in turn should allow increased mitigation of both market and credit risk by market participants, which should improve hedgers' ability to manage their businesses. Clearing may also provide hedging opportunities for commercial entities that have previously found it difficult to hedge their exposure to price changes due to credit and margin constraints.

Liquidity and Transparency: The enhanced usefulness of the OTC swaps which should result from the proposed clearing and margining mechanism should improve liquidity and transparency in the agricultural markets for both OTC and futures transactions. Market participants should therefore have an enhanced ability to enter into and to liquidate OTC swaps as well as futures transactions, thereby facilitating the hedging of their commercial exposures.

Sincerely,

A handwritten signature in black ink, appearing to read "J. DeSantis", with a stylized flourish at the end.

Jason DeSantis, Executive Vice President  
AIG Financial Products Corp.