



August 4, 2016

Mr. Robert deV. Frierson
Secretary

Board of Governors of the Federal Reserve System
Washington, DC 20551

Re: Docket No. R-1538 and RIN No. 7100 AE-52 – Restrictions on Qualified Financial Contracts of Systematically Important U.S. Banking Organizations and the U.S. Operations of Systemically Important Foreign Banking Organizations; Revisions to the Definition of Qualifying Master Netting Agreement and Related Definitions

Dear Mr. Frierson:

On behalf of the National Association of Insurance Commissioners (NAIC)

¹, we write today regarding the Board of Governors of the Federal Reserve System's (Board) proposed rule on qualified financial contract (QFC) restrictions and the definition of qualifying master netting agreements. The NAIC respectfully submits the following comments to the Notice of Proposed Rulemaking and Request for Comment published in the May 11, 2016 issue of the Federal Register.

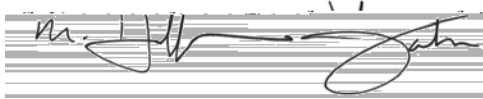
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provision, similar to those found in the federal bankruptcy code and the Federal Deposit Insurance Act (FDIA),^{B7/MCID-3 >>BDC; TT11-Tf:0.0S} which would prohibit the exercise of early termination rights under a QFC during the stay. As the immediate exercise of termination rights can cause a rapid dissipation of an insurer's assets, a stay can help to preserve the insurer's funds, and mitigate the impact of an insolvency on policyholders and other claimants.

Subsequent Federal Rules' Failure to Include State-Based Stays Raises Problems

Subsequent to the NAIC's adoption of *Guideline #1556*, proposed and interim final rules from the Board and other federal financial regulators in 2014 and 2015 failed to include state-

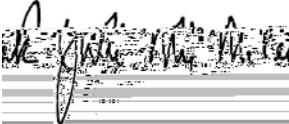
Sincerely,



John M. Huff
NAIC President
Director
Missouri Department of Insurance,
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Theodore K. Nickel
NAIC President-Elect
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