INTEGRITAS
FINANCIAL CONSULTING

April 22, 2016 DRAFT

<u>Via Electronic Delivery</u>

David R. Pearl
Office of the Executive Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Notice Seeking Public Comment on the Evolution of the Treasury Market Structure, Docket No. TREAS-DO-2015-0013

Dear Mr. Pearl:

Integritas Financial Consulting ("Integritas") appreciates the opportunity to comment on the above-referenced notice and request for information ("RFI"). Integritas is a financial advisory firm located in Chicago, Illinois. Integritas focuses on helping clients navigate regulatory, compliance, risk management and operation complexity in futures and derivatives markets.

We applaud the U.S. Department of Treasury ("Department") for seeking public comment regarding the evolution of the U.S. Treasury marketplace. We believe that it is critical to the efficient operation of such marketplace that the Department obtain views from as many market participants as possible.

We will address question1.4 in the RFI, which states:

Looking forward, do you anticipate significant changes in the structure of the U.S. Treasury market absent further regulatory changes? What would the key benefits and/or risks of these changes in market structure? What key factors are likely to drive these changes? What changes are you planning to your firm's investment and trading policies, strategies and practices?

Recent media reports have that other federal agencies may be considering limiting the amount of leverage that a broker-dealer may employ in connection with U.S. Treasurys. Specifically, media outlets have reported that the Securities and Exchange Commission ("SEC") has held meetings to consider a leverage ratio for broker-dealers that could potentially raise capital requirements for certain U.S. Treasury spread positions to 850 times the current capital requirement.[1] Should such a proposal proceed, it is our view that the U.S. Treasury marketplace would be adversely affected as a number of market participants could no longer afford to participate. We believe that the effect of such a proposal would be to significantly decrease liquidity and drive costs to the U.S. taxpayer much higher. It is also our view that such a proposal represents the single greatest threat to the stability of the U.S. Treasury marketplace.

We urge the Department to use all of its considerable powers to promote stability in the U.S. Treasury marketplace by communicating with the SEC and any other federal agencies you deem necessary to ensure that a complete understanding of the impact of a proposal arbitrarily limiting leverage would pose to the U.S. Treasury marketplace and the overall economy.

We thank you again for the opportunity to comment and please do not hesitate to contact the undersigned at (312) 804-1041 if you have questions, or if we can provide further information.

Respectfully,

/s/

Carl W. Gilmore
President
INTEGRITAS FINANCIAL CONSULTING

[1] *" SEC Leverage Ratio Meetings Alarm Broker-Dealers ",* http://www.risk.net/risk-magazine/news/2453538/sec-leverage-ratio-discussions-alarm-broker-dealers.