Review of: "An Empirical Examination of Collateralization in Financial Markets"

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Potential competing interests: No potential competing interests to declare.

I found the article well written for the theoretical part. In the Section 4 (Empirical Results), the author attempt to compare the market quoted swap premium spreads and the model implied swap premium spreads for each pair of comparable swaps using a linear regression model. Since the slope is close to 1 and the intercept is close to 0, it is concluded that the model fits the market data well. I would suggest clarifying the following two points.

1. It is mentioned that a LIBOR Market Model (LMM) is being used to model the interest rate dynamics, but the model parameters and the calibration method of such model is unclear to the readers.
2. A linear regression model is used to compare $Y =$ model-implied premium spread with $X =$ market quoted swap premium spreads. It could be better to elaborate why these two terms cannot be compared directly, such as a sum of squared differences without the need of estimating the intercept and slope terms in a regression model. Since readers ma find it more straightforward for a direct comparison if it is deemed appropriate.