

The Commonwealth of Massachusetts
House of Representatives
State House, Boston 02133-1054

COMMITTEE

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November 4, 2010

Gary Gensler, Chairman
Commodity Futures Trading Commission
Attention: David A. Stawick, Secretary
Three Lafayette Centre
115521st Street NW
Washington, DC 20581

RE: RIN 3038-AD01

Dear Chairman Gensler:

I am writing to urge you to considering eliminating one of the proposed rules for governing derivative clearinghouses, exchanges and swaps under the Dodd-Frank Wall Street Reform and Consumer Protect Act. This particular rule would not prevent concentrated ownership of clearing facilities. This undermines the intent of the Dodd-Frank reforms of more transparency and competition in the derivatives market.

This rule would allow a clearing facility to choose to limit the ownership voting interest of any participant to no more than 5 percent of the total, with no limitation on aggregate ownership by banks. This would allow a group of dealer banks to gain voting majority in a clearing facility and potentially prevent increased clearing of derivatives transactions. As you know, 95 percent of derivative trading is controlled by the top five dealer banks. By not closing this loophole you will allow these banks to continue their dangerous domination of this market.

The alternative is a more effective limitation of 20 percent of voting interest by any single institution and 40 percent of voting interest owned collectively by all institutions. This would

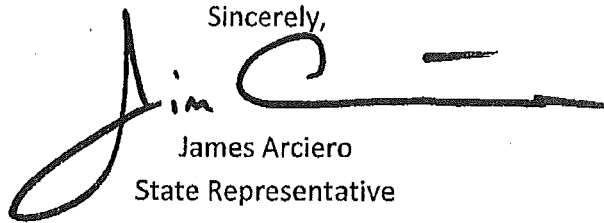
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prevent improper and concentrated ownership of clearing facilities and ensure the desired increase in transparency and accountability.

These same ownership concerns apply to exchanges and swap execution facilities. Under the current rules a group of dealer banks would be able to attain outright ownership of an exchange or swap facility. Please consider extending the 20/40 rule to exchanges and swap facilities, this will keep with the intent of the Dodd-Frank reforms.

I urge you to eliminate the 5 percent alternative and to extend the 20/40 limitation to exchanges as well as clearinghouses. These two steps will help ensure more transparency and accountability in the derivatives market by preventing dealer bank control of the clearing facilities.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim", followed by a long horizontal line extending to the right.

James Arciero
State Representative