

From: John McCarthy <jmccarthy@Getcollc.com>
Sent: Monday, July 19, 2010 11:27 AM
To: secretary <secretary@CFTC.gov>
Cc: Elizabeth King <eking@Getcollc.com>; Eric Stockland <estockland@Getcollc.com>; Larry Walton <lwalton@Getcollc.com>
Subject: Co-Location/Proximity Hosting - GETCO Comment Letter
Attach: Comment Letter- CFTC; Co-location.doc.pdf

Dear Sir or Madam,

On behalf of GETCO, please find attached GETCO's comment letter on the topic of Co-location/Proximity Hosting Services.

Kind Regards,
John McCarthy

John McCarthy | GETCO, LLC. | c: 312-931-2200 | e: jmccarthy@getcollc.com

This e-mail and its attachments are intended only for the individual or entity to whom it is addressed and may contain information that is confidential, privileged, inside information, or subject to other restrictions on use or disclosure. Any unauthorized use, dissemination or copying of this transmission or the information in it is prohibited and may be unlawful. If you have received this transmission in error, please notify the sender immediately by return e-mail, and permanently delete or destroy this e-mail, any attachments, and all copies (digital or paper). Unless expressly stated in this e-mail, nothing in this message should be construed as a digital or electronic signature.

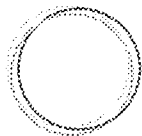
GETCO
141 West Jackson Boulevard
Suite 210
Chicago IL 60604

+1 312 931 2200 MAIN
+1 312 931 2210 FAX

getcolic.com

July 19, 2010

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581



GETCO

Re: Comments Regarding Co-Location/Proximity Hosting Services

Dear Mr. Stawick:

Global Electronic Trading Company (“GETCO” or “Firm”) appreciates the opportunity to comment on the Commodity Futures Trading Commission’s (the “Commission”) proposed new rule relating to the provision of co-location and proximity hosting services.¹ GETCO supports the transparent and non-discriminatory allocation of co-location services.

I. Introduction

GETCO is a leading electronic trading and technology firm providing liquidity on over 50 markets in North and South America, Europe, and Asia. From offices in Chicago, New York, London, and Singapore, the firm transacts business in cash and futures products across four asset classes – equities, fixed income, currencies and commodities.

GETCO trades on U.S. and foreign futures exchanges, including the Chicago Mercantile Exchange (“CME”), ELX Futures, ICE Futures US (“ICE”), and NYSE Liffe US. GETCO’s primary trading strategy is market making—posting two-sided markets—to allow market participants to efficiently transfer risks. The firm is a market maker on CME and a market specialist on ICE. Our trading strategies employ advanced technology, real time information, transparent risk management systems, and continuous innovation.

¹ Co-Location/Proximity Hosting Services, 75 Fed.Reg. 33198 (June 11, 2010).

II. Discussion of the Proposal

Co-location is a positive development in the trading markets that equalizes access for participants who wish to be near the center of price discovery. Co-location is a new manifestation of a centuries old principle, as certain traders have always sought proximity to the center of trading, whether it is an exchange's trading floor or an exchange's data center.

GETCO is a consumer of co-location services on the wide range of markets in which it trades. A sufficient amount of co-location services is essential to a market's business. For this reason, in our experience, scarcities of such services are typically short-lived. When the demand for a market's co-location services expands beyond the currently available space, a market must build or otherwise acquire additional space or its business is negatively impacted.

A. Equal Access to Co-Location Services

The Commission's proposed rule would require designated contract markets, derivatives transaction execution facilities, and exempt commercial markets that list significant price discovery contracts to allow access to such services to all market participants and third-party proximity hosting service providers eligible and qualified to use the services. GETCO supports this proposed requirement and agrees with the Commission that access should be "equitable, open and fair."

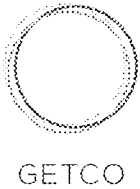
We are, however, concerned about the following statement in the preamble to the proposal:

[I]f the availability of a service became limited, thereby leaving some market participants or third-party hosting providers without adequate access, the Commission would not view access to those services as open and fair.²

A strict application of such a standard may be unworkable because of the significant time and high costs associated with building or otherwise acquiring additional co-location space. Our experience is that when demand for a market's co-location services outstrips the available space, commercial interests drive the market to build additional space, provided that the demand for additional space is greater than the fixed costs of building the space. Accordingly, we ask that the Commission make clear that there are multiple ways to satisfy the requirement to allow access to co-location services when existing space is exhausted, provided that any allocation of space is done through a transparent and fair process.

B. Fees Must be Uniform and Non-Discriminatory

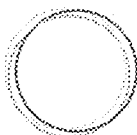
The Commission's proposed rule would require designated contract markets, derivatives transaction execution facilities, and exempt commercial markets that



offer co-location services to ensure that the fees to market participants are imposed in a uniform, non-discriminatory manner. GETCO agrees that fees should not become an artificial barrier to market access. We are concerned, however, by the use of the term “uniform” in the proposal related to fees. Because markets offer a range of co-location services, fees may be non-discriminatory, but not uniform. GETCO would ask that the Commission clarify that markets may charge different fees for different services and satisfy the requirement of the rule.

C. Public Disclosure of Latency Information

The Commission’s proposed rule would require designated contract markets, derivatives transaction execution facilities, and exempt commercial markets that list significant price discovery contracts and offer co-location services to publicly disclose the latencies for each connectivity option it provides. While GETCO does not oppose disclosure of such information, we do not believe that there is a particularly urgent need for the Commission to require latency disclosure, as a significant amount of latency information is already publicly available. Market forces demand that providers of co-location be transparent because they compete based on latency. These providers have a strong incentive to provide latency information to support the value they offer as a co-location provider. Moreover, market participants are easily able to track the latency of an order by reviewing the time period between order entry and receipt of an acknowledgment message or the time at which the order was filled.

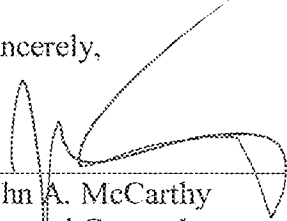


GETCO

III. Conclusion

GETCO appreciates the opportunity to submit these comments. Please do not hesitate to contact us at (312) 931-2200 if you have any questions regarding any of the comments provided in this letter.

Sincerely,



John A. McCarthy
General Counsel