

From: Layne Carlson <lcarlson@mgex.com>
Sent: Monday, August 23, 2010 4:42 PM
To: BCDR <BCDR@CFTC.gov>
Subject: Business Continuity and Disaster Recovery
Attach: BCDR comment August 2010.doc

Mr. Secretary,

Attached are comments from MGEX on the Federal Register release "Business Continuity and Disaster Recovery."

If there are any questions, please contact me.

Thank you,

Layne G. Carlson
Corporate Secretary & Treasurer



400 South 4th Street
130 Grain Exchange Building
Minneapolis, MN 55415
Phone: (612)321-7169
Fax: (612)339-1155



August 23, 2010

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

Via Electronic Mail

SUBJECT: Business Continuity and Disaster Recovery

Dear Mr. Secretary:

The Minneapolis Grain Exchange ("MGEX" or "Exchange") would like to thank the Commodity Futures Trading Commission ("CFTC" or "Commission") for this opportunity to respond to the Commission's request for comment on the above referenced matter published in the July 22, 2010 Federal Register Vol. 75, No. 140.

MGEX recognizes the value that the proposed CFTC rulemaking will provide the commodities industry and market participants. While both a Designated Contract Market ("DCM") and Derivatives Clearing Organization ("DCO"), MGEX may not meet the proposed definitions of a critical financial market or core clearing and settlement organization. Nonetheless, the Exchange strongly supports the proposed recovery standards and believes the standards should be applied industry wide as appropriate. As a DCM and DCO, the Exchange already meets some of the proposed minimum standards and requirements for business continuity and disaster recovery. In particular, those standards related to infrastructure. Additionally, the Exchange is striving to exceed those standards wherever practical. However, there are a couple of factors that MGEX would respectfully ask the Commission to consider prior to adopting final rules.

Geographic dispersal of both infrastructure and personnel is a wise goal that should be designed and applied in a practical manner. The most important is the infrastructure. That serves as the foundation for recovery. Without the infrastructure, the need for personnel becomes pointless. However, permanent staffing of employees at locations outside an arbitrarily defined geographic area appears to be a proscriptive standard. The standard or requirement should be designed so that each entity must have the capability to have same day recovery. Mere geographic dispersal of personnel does not guarantee same day recovery.

Therefore, the manner of meeting the proposed recovery standards needs to be broad and flexible. Geographic diversity of infrastructure as well as personnel may be able to be met via a number of different vehicles including: teaming up with other critical financial markets or core clearing and settlement organizations, contracting with other DCMs or DCOs, or contracting with other third parties for portions or all of the diversity requirements. Such avenues may prove to be as effective as or even better than a single entity working separately as a stand alone entity. Many critical financial markets and core clearing and settlement organizations are already linked via infrastructure or contracted services, or have multiple geographic business locations and operations.

The Commission requested comment as to a reasonable date for the proposed amendments to be effective. MGEX is of the opinion that the amendments should be effective shortly after the Commission has been able to assess the comments received and incorporate any changes to the proposed amendments contained in the Federal Register release. The deadline for implementation or compliance with the final rules on the other hand should be determined on a case-by-case basis just as the Commission is using for determination purposes. Different entities will have achieved varying levels of core principle compliance when the amendments are adopted. As it pertains to MGEX, the infrastructure requirements are already largely met. What is a new requirement to MGEX is the geographic diversity requirement which may need some time to fully implement should the Commission determine MGEX to be a critical financial market or core clearing and settlement organization. In conclusion, each entity should be allotted sufficient time for meeting full compliance with any new core principles based on its current compliance, as well as what remains to be done to obtain full compliance while taking into consideration its capabilities.

The Exchange thanks the Commission for the opportunity to comment on the notice of proposed rulemaking. If there are any questions regarding these comments, please contact me at (612) 321-7169 or lcarlson@mgex.com. Thank you for your attention to this matter.

Regards,



Layne G. Carlson
Corporate Secretary

cc: Mark G. Bagan, CEO, MGEX
Jesse Marie Bartz, Asst. Corporate Secretary, MGEX
James D. Facente, Director, Market Operations, Clearing & IT, MGEX