

C.F.T.C.
OFFICE OF THE SECRETARIAT

2010 NOV 22 PM 1 19

Commodity Futures Trading Commission
Three Lafayette Centre
115521st Street NW
Washington, DC 20581

COMMENT

Re: RIN 3038-AD01

Chairman Gensler,

Our country is founded in checks and balances. Our economy – housing, credit, employment rates - depend on stock market and trading systems which can regulate themselves. The banking industry and derivatives market showed us in the past several years they are not capable of regulating their own behavior by contributing to a collapse and recession. The United States should not allow these massive and preventable mistakes by the financial industry.

Clearinghouses help create more accountability when banks trade with each other, and after the bail outs, tax payers deserve as much accountability as can be imposed. Clearinghouses as set up in HR4173 would be a good start to transparency, so long as no more than 40% of a clearing house is owned by a bank. Allowing a clearinghouse to be owned by a majority of banks, by each owning 5%, undermines a critical aspect of this legislation.

Your commission is an important part of the process when making such important changes to our financial system, but Congress passed the legislation with a 20/40 rule for good reasons, and I ask you to keep it instead of allowing edits such as the 5% rule. If a clearinghouse allows banks to trade in an irresponsible manner because 55% of the it is owned by banks, and contribute to further destabilization of our economy in the future, it will be because of decisions like this. Recently we saw unemployment rise and funds for public services disappear. Let us learn from the mistakes of the stock market and banking industry and try to prevent this in the future by adding minimal transparency in the form of independent clearinghouses. Please do not consider the 5% rule.

Thank you,

Alexander Farrell

Cal Berkeley Democrats
2169 De Anza Blvd.
San Mateo, CA 94402

cc: California Congressional Delegation