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OFFICE OF THE SECRETARIAT

November 4, 2010

Commodity Futures Trading Commission

Attn: David Stawick, Secretary

Three Lafayette Center

1155 21st Street, NW

Washington, DC 20581

COMMENT

**RE: Comments Regarding Regulatory Initiatives for Dodd-Frank Act
RIN 3038-AD01**

Dear Chairman Gensler:

On behalf of the Gasoline and Automotive Service Dealers Association of America, I write to submit comments regarding the regulatory initiatives for the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). As you know the Act made certain changes to the derivatives market. Among other things, these changes were intended to create greater transparency and competition in the derivatives market. These changes were sought due to the recent financial crisis that threatened the U.S. economy.

Dodd-Frank gave the CFTC the power to promulgate rules that would carry out the intent of the Congress and to provide detailed directions for the actual application of the law.

We are aware that the CFTC and the SEC have proposed a rule that addresses possible conflicts of interests in clearinghouse ownership. While we appreciate the intent of the proposed rule, there is one provision that concerns our members and likely would not prevent the concentration of ownership of a clearinghouse by the banks who are dealers.

Specifically, one of the proposed provisions states that a clearing facility may choose to limit the ownership voting interest of any participant, such as a dealer bank, to no more than 5 percent of the total, with no limitation on aggregate ownership by banks. This appears to be an alternative to a limitation of 20 percent of voting interest by any single institution and 40 percent of voting interest owned collectively by all institutions.

Without further clarification, it is our understanding that the 5 percent limitation would still allow a group of dealer banks to gain control of a clearing facility. This could mean that a minimum of 11 banks, owning 5 percent each, could attain majority voting ownership and continuing to pose the obstacles to increased clearing that the Act is intended to overcome.

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Already according to the Comptroller of the Currency, more than 95 percent of derivatives activity is controlled by the top five dealer banks. A Concentration of ownership in the hands of a few banks could lead to derivatives transactions not being cleared, meaning increased fees paid to the owner banks and little transparency and competition. We do not believe that was the intent of the Act. In addition, it appears that the proposed ownership restriction would be even less effective in the case of exchange ownership, allowing 5 dealers to own an exchange or swap execution facility outright. This loophole would also harm the true intent of the Act's derivative reforms provisions.

We are asking that the commission eliminate the 5 percent alternative, to prohibit bank dominance of clearing facilities. We additionally ask that you consider a rule to extend the 20 percent/40 percent ownership limitations to exchanges and swap execution facilities as well as clearinghouses.

These measures would be consistent with the transparency and accountability objectives of the Act.

Thank you for your consideration.

Sincerely,

Michael J. Fox

Michael J. Fox
Executive Director
Gasoline and Automotive Service Dealers Association of America