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**COMMENT**

Comment No: 26291

Chairman Gary Gensler  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

October 25, 2010

Dear Chairman Gensler:

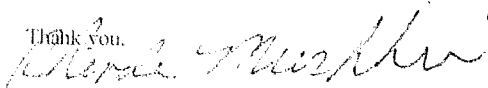
I am writing to you to underscore the need for expanded competition within the U.S. derivatives markets that was at the core of deliberations by Congress as they approached writing the Dodd-Frank Financial Services Reform Act. I have received reports about your rule-making that give me great pause; I am concerned that regulators may be poised to misinterpret the corporate governance and control authorities granted to you by the Act.

Specifically, I believe that Congressional intent was to prevent the domination of a clearinghouse, swap execution facility or exchange by a small number of dealers. As a member of Congress who was actively involved in this issue, I strongly oppose allowing dealers to band together under the guise of a 5% cap on ownership by any one entity to avoid a broader class-of-ownership cap.

As you know, the U.S. House of Representatives adopted an amendment that I offered which set a maximum cap of 20% voting control of these entities by the dominant dealers in the existing marketplace. The Office of the Comptroller of the Currency has estimated that upwards of 95% of the order flow in the existing over the counter derivatives market is controlled by only five banks. This unhealthy market situation was at the heart of my amendment in the House and Sections 726 and 765 in the final Act. As you know, the final version of the required rulemaking in this area empowers the regulators to go beyond my amendment and adopt limits on both the ownership by any one entity and any class of entities.

Congressional intent is clearly on the side of open and meaningful competition. That intent would be erased by providing a loophole that basically allows a mere 11 dealers to dominate the clearinghouse, control a majority of its members, and dictate decisions of the organization by banding together with shared ownership under 5%. The largest dealers in this marketplace already have control of incumbent clearinghouses and could easily adapt to this structure, resulting in business as usual. I urge the SEC and CFTC to stay true to Congress' clear intent to stop any entity or group of entities from dominating the clearinghouses, swap execution facilities, or exchanges that are so vital for successful implementation of the Dodd-Frank legislation. We need deep competitive markets where risks are dispersed and transparency reigns supreme.

Thank you.



Rhonda L. Mushkin