

Congress of the United States
Washington, DC 20515

November 4, 2010

C.F.T.C.
OFFICE OF THE SECRETARIAT
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The Honorable Gary Gensler
Chairman
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Rulemaking related to Governance, Ownership & Control:

Dear Chairman Gensler and Schapiro:

As members of the House Committee on Financial Services, we appreciate the efforts that the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) have taken with regard to addressing the existing issues in the over-the-counter derivatives market.

We are writing in regard to your proposed rulemaking on "Governance and Conflict of Interest Controls for Clearing Agencies, Swap Execution Facilities and Exchanges" and specifically on the proposed exceptions to the limitation over market participants exerting control over clearinghouses and exchanges and the lack of uniform aggregate control limits.

As you may know, we supported efforts both in the Committee and on the House floor to the Dodd-Frank Act which would require an important check on conflicts of interest with respect to any clearing agency that clears security-based swaps by limiting dealers and major swap participants collectively from acquiring more than a 20 percent voting stake in derivatives clearing and trading facilities. Although the final Dodd-Frank Act did not adopt this exact language, it did give you the authority to promulgate rules in this area including the discretion to provide specific numerical limitations on an enumerated market participant's control of, or the voting rights with respect to, clearing agencies, execution facilities and exchanges.

We encourage you to move forward with caution without exceptions to your proposed rule pertaining to the governance and conflict of interest controls of enumerated market participant's over clearing agencies, swap execution facilities and exchanges and to also consider uniform aggregate control limits. These reforms will help to promote competition and transparency in the marketplace.

Thank you for your time and attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Mike Castle".

Michael N. Castle
Member of Congress

A handwritten signature in cursive script that reads "Jim Gerlach".

Jim Gerlach
Member of Congress