

VIA ELECTRONIC MAIL

David A. Stawick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Re: RIN 3038-AD01 - Proposed Limits on Ownership or Voting Power of Requirements for Derivatives Clearing Organizations, Designated Contract Markets, and Swap Execution Facilities Regarding Conflicts of Interest

Dear Chairman Gary Gensler:

As an investor and previous employee of Blackbird Holdings, Inc. I am concerned for future competition in the OTC derivatives markets and the control exercised by the Large Dealers. I was pleased to see the recent passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, a comprehensive package that included significant changes to the derivatives market. In particular, Dodd-Frank moved a greater number of derivatives transactions toward exchange trading, with an additional emphasis on clearing such transactions through clearinghouses. This was intended to foster greater transparency, competition and risk management in the massive derivatives market after a period of great crisis that brought our economy to the brink of collapse.

While Dodd-Frank is very specific in some areas, it leaves many implementation decisions to regulatory bodies such as yours to draft rules to carry out the intent of the Congress. Now the CFTC and the SEC have proposed a rule to address possible conflicts of interests in the ownership of derivatives clearinghouses (DCO) and Swap Execution Facilities (SEF).

While the intent of the proposed rules is admirable on DCO and SEF ownership, the rules contains a flaw as set out in the DOJ comment letter of the 12/28/2010 that would fail to prevent the concentration of ownership in DCO's and SEF by large dealer banks.

Specifically, five large dealers can totally control a SEF, any restrictions on independent directors is not going to change this.

It is likely that banks will try to exploit such a loophole to continue 'their cartel-like' control of the derivatives market.

I urge the commission to include a cap on the ownership of SEF by Swap Dealers with Balance sheets greater than \$50bn, to ensure that banks cannot use it as back door to continue their dominance of derivatives trading.

Sincerely,

Daniel Arbeeny