

March 8, 2011

**VIA ELECTRONIC MAIL TRANSMISSION**

Mr. David A. Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21st Street, NW  
Washington, DC 20581

**Re: CTFC Notice of Proposed Rulemaking on Core Principles and Other Requirements for Swap Execution Facilities (RIN 3038-AD18)**

Dear Mr. Stawick:

TruMarx Data Partners, Inc. ("TruMarx"), the operator of the COMET platform, appreciates the opportunity to submit comments to the Commodity Futures Trading Commission (the "Commission" or "CFTC") as well as copying the Securities and Exchange Commission (the "SEC") (collectively with the CFTC, the "Commissions") regarding the above-captioned matter ("SEF Proposal").<sup>1</sup>

We applaud the Commissions for their herculean efforts, especially given congressionally-mandated time pressures, relating to the immense debate involving and ultimate adoption of regulations under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act" or "Dodd-Frank"). It is no hyperbole to assert that the work conducted by the Commissions in these areas has enormous impact on U.S. global competitiveness, markets, industry, capital formation, and job creation.

For several reasons, TruMarx has profound interest and motivation in commenting on the SEF Proposal:

**First:** TruMarx is the operator of a pioneering over-the-counter ("OTC") transactional platform and related technology for energy markets. Our technology platform, COMET -- Community of Energy Transactors -- equips qualified OTC energy participants with electronic tools that support efficient negotiation and execution<sup>2</sup> of highly customized, nonstandard bilateral transactions. Our platform and model deliver efficiencies for market participants by leveraging network effects and technology. The platform provides functionality for broader pre- and post-trade price transparency and generates a detailed audit trail of the entire negotiation process.

Highly customized, nonstandard bilateral energy products are, by definition, more complex than standardized ones, and COMET offers automated solutions to decrease complexity, increase

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<sup>1</sup> CFTC Notice of Proposed Rulemaking on "Core Principles and Other Requirements for Swap Execution Facilities", RIN 3038-AD18, 76 Fed. Reg. 1214 (January 7, 2011).

<sup>2</sup> Acceptance of bids and offers is not formally binding on COMET and "execution" is ultimately and legally consummated between counterparties based on underlying master agreements in place among them.

transparency, and reduce risk. COMET offers its market participants choice and flexibility when negotiating and executing transactions. Its offerings include one-to-many, request-for-quote and "fill or kill" execution processes. COMET has more than 180 subscribing market participants (our clients) which consist of utilities, municipalities, producers, suppliers, commercial industrials, banks, and others.

**Second:** Through COMET, TruMarx has interest in and the capacity to expand its business to more standardized contracts in financial energy markets.

**Third:** We have a history of active involvement and participation in market structure debate and businesses.

## **I. Introduction**

As operators of the COMET platform, we respectfully believe that we bring both a distinctive and diverse perspective to the subject matter of this letter. First, as noted, our unique business and client base give us deep insight and experience into the trading world of bilateral, non-standard, bespoke OTC transactions. Our clients also engage in more standardized financial energy transactions in the market, and, as mentioned, this is a business we have interest in and the capacity to enter.

Second, in past business lives, we observed and intimately participated in the regulatory and business reform and rehabilitation of the listed-equities and listed-options markets ("listed securities markets"), which, by the mid-1990s, had exhibited gross inefficiencies, anachronisms, and substantial dysfunction.<sup>3</sup> Although not a perfect analogy, we believe the history of that restructuring, and the philosophy underpinning it, provide valuable lessons for today's debate.

## **II. Guiding Principles**

Our comments regarding the SEF Proposal are broken into two parts: (1) a philosophical or, principle-based analysis; and, (2) a prescription-based critique of specific provisions of the proposed rules.

The principle-based discussion argues that – given the utter enormity, complexity, and importance of the swaps markets and the speed at which the Commission is being asked to conclude its work – the Commission should initially establish a regulatory and competitive environment that builds on cornerstone Dodd-Frank principles and allow for ease of entry by innovators, entrepreneurs and new technologies. These new entrants will almost certainly invent new market models that leverage technology featuring transparency, open access, connectivity, mitigation of counterparty risk, and customer choice.

We realize a certain depth of rules will have to be adopted to put the necessary "meat on the bones," but respectfully caution that these rules not:

1) Be overly prescriptive so as to generate unintended consequences ("knock on" effects) resulting in unpredictability and volatility which may lead to reduced liquidity, wider spreads and

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<sup>3</sup> Gerald D. Putnam was the co-founder and former Chairman/ CEO of Archipelago Holdings, Inc. ("Archipelago") and, later, was the Co-President of NYSE Group, Inc. ("NYSE"). Kevin J. P. O'Hara was Archipelago's CAO and General Counsel and, later, was Co-General Counsel of NYSE. Even later, he also served as CAO and Chief Strategy Officer of CBOT Holdings, Inc., until its acquisition by CME Group, Inc. Archipelago was one of the original four qualified ECNs approved by the SEC in 1997, registered as an ATS in 1999, and was approved as a national securities exchange in 2001. It quickly grew to be the world's largest fully electronic stock exchange by 2003, and began trading listed-options in 2005, through its acquisition of the Pacific Exchange. Archipelago merged with the NYSE in 2006.

higher transaction costs. Said differently, we respectfully believe that prescriptive “one-size-fits-all” rules (e.g., the “15 second timing delay”) at this stage of the market’s development will be harmful; nor,

2) Erect burdensome barriers to entry where competition is smothered and the marketplace of ideas and new market models are never given the opportunity to, in essence, “partner” with the Commission to lay the foundation for a new and more efficient one.

On a broader level, we propose that, to the degree permitted by the Dodd-Frank Act, the Commission should establish a flexible regulatory framework and market structure based on Dodd-Frank goals and principles.<sup>4</sup> Then, over time, the Commission can make necessary and more detailed modifications and course corrections as competition and new entrants positively impact the marketplace and the Commission is able to analyze the resultant empirical evidence and data.

### **III. Part I: Build on Broad Goals and Principles of Dodd-Frank**

#### **A. COMET: A Brief Case Study**

As described above, on COMET today, our clients engage in the trading of highly customized, bespoke energy transactions. These transactions primarily take the form of forward contracts involving physical settlement and delivery of a commodity (e.g., natural gas). As such, these transactions are currently treated as “excluded” under the Commodity Exchange Act.<sup>5</sup> Traditionally, transactions of these types have been negotiated and executed in bi-lateral and manually-intensive manners using fax, telephone, instant messaging, and email. All of the above said, our clients are choosing to do business on COMET because its efficient technology platform and model offer clients choice and flexibility. COMET provides transparency and an audit trail, which better allow our clients to manage risk.

The purpose of the above point is not to gratuitously market COMET. Rather, it is to illustrate a real case study where an entrant has offered private market solutions and where market participants, even those engaged in “excluded” transactions, are responding and choosing to do business in a more efficient, transparent, and risk-mitigating fashion. And, as the Commission knows, there are several other entrants who have “their own stories to tell” and, almost certainly, others to come.

#### **B. Reform of the Listed-Equities and - Options Markets: A 15-Year Case Study**

The listed securities markets have experienced (literally) tectonic changes over the last 15 years. These changes were sparked, quite frankly, by a series of scandals and, and in parallel, deep and growing dissatisfaction by (institutional) market participants of poor service and high costs provided by a cartel of exchanges. As noted above, the listed markets continue to evolve

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<sup>4</sup> The following comment letters discuss SEFs in the context of Title VII of the Dodd-Frank Act and advocate a flexible regulatory approach and minimal barriers to entry. See comment letter from Timothy W. Cameron, Managing Director, the Securities Industry and Financial Markets Association to the CFTC and SEC (November 24, 2010) available at <http://www.sec.gov/comments/df-title-vii/mandatory-facilities/mandatoryfacilities-23.pdf>; letter from Dexter Senft, Managing Director, Morgan Stanley to the CFTC and SEC (November 4, 2010) available at <http://www.sec.gov/comments/s7-16-10/s71610-112.pdf>; letter from Julian Harding, Chairman, Wholesale Markets Brokers’ Association to the CFTC and SEC (November 19, 2010) available at <http://www.sec.gov/comments/df-title-vii/mandatory-facilities/mandatoryfacilities-21.pdf>.

<sup>5</sup> Dodd-Frank Section 721(a)(21), amending the Commodity Exchange Act to add Section 1a(47)(B) entitled “Exclusions --The term 'swap' does not include -- (ii) any sale of a non-financial commodity or security for deferred shipment or delivery, so long as the transaction is intended to be physically settled.”

and are still confronted by challenges (e.g., May 6, 2010 Flash Crash). Regulators continue to study and analyze these markets and prod changes and modifications where necessary. That said, the body of historical evidence and metrics clearly show that today's listed securities markets, forged in the fires of competition, have evolved into highly efficient, technology-driven, innovative, cost-effective trading businesses. During the historic volume and volatility spikes of the 2008 financial crisis, these reinvented markets performed near flawlessly. In 1995, the cartel of listed securities markets possessed none (zero) of these qualities and characteristics. They were classic "single points of failure" and "too big to fail" institutions.

The reform and rehabilitation of the listed markets did not occur overnight. History reflects that it was an evolutionary process involving multiple players and many incremental regulatory steps.<sup>6</sup> Looking back, the "secret sauce," we would argue, was largely the establishment of a flexible framework by regulators based on universal goals and principles (transparency, market access, connectivity, customer choice, etc.) where modifications and course corrections were made along the way when supported by empirical evidence.

Competition and the ability of innovators to enter the marketplace were at the heart of this evolutionary process. Regulators, in essence, "deputized" innovators and entrants to invent new models and technologies and execute on new business plans to fill in the necessary details of regulatory reform. In the end, regulatory detail emerged incrementally, and only after deep understanding of empirical data generated by a competitive and dynamic marketplace. And market participants responded by moving their business from staid and costly legacy operations to the more efficient, innovative models. And, that is why the NYSE, Nasdaq, and CBOE look nothing like they did 15 years ago. Said differently, under the hoods of today's brand names of NYSE, Nasdaq, and CBOE rev engines that were materially transformed and altered by mergers with these entrants and/or by competitive pressures imposed by the same.

Two major scandals in the 1990s exposed the need for reform and motivated regulators (and market participants) to embrace the path of change. The first was the Nasdaq quote-rigging scandal famously uncovered by two academics.<sup>7</sup> Subsequent Department of Justice and SEC investigations brought about bold action by the SEC to open up trading in over-the-counter securities by passing a series of new regulations in 1996 called the Order Handling Rules ("OHRs"). Later, in 1998, the SEC adopted "Regulation ATS" governing Alternative Trading Systems<sup>8</sup> as follow-on after studying the impact of the OHRs.

Under the OHRs, OTC markets were mandated to become more transparent and competitive. And, in order to encourage and support these goals, the regulators minted a new regulatory entrant: the Qualified Electronic Communications Network ("ECN"). Barriers to entry were also relaxed under a new regulatory category for market centers under Regulation ATS. Entrepreneurs and innovators rushed in to create a variety of new products and services. At its peak, there were roughly 15 competing ECNs. Capital and customers supported and backed the best ideas, models, and management teams. Revolutionary models like "best-execution routing" utilizing proprietary market linkage and best-price algorithms were invented and implemented.

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<sup>6</sup> See Colby, Robert L.D. and Sirri, Erik R., "Consolidation and Competition in the US Equity Markets." 5 *Capital Markets Law Journal* 169 (2010).

<sup>7</sup> Christie, William G. and Schultz, Paul H., "Why Do NASDAQ Market Makers Avoid Odd-Eighth Quotes?" 49 *The Journal of Finance* 1813 (1994).

<sup>8</sup> SEC Notice of Proposed Regulation on "Regulation of Exchanges and Alternative Trading Systems," RIN 3235-AH41, 63 Fed. Reg. 70844 (December 22, 1998).

The process of incremental regulatory change continued throughout the 2000s.<sup>9</sup> Much of the new regulation represented confirmation and validation of reforms introduced by business innovators. For example, the long-debated Regulation NMS (2005) encouraged automation in NYSE- and AMEX-listed securities and literally adopted and ratified the best-execution routing model, which had been initially introduced in 1997.<sup>10</sup> Over this several year period, the listed securities markets grew more transparent, faster, cheaper and more open. Lastly, it is worthy of note that these innovative models, along with the underlying regulatory scheme, have been further validated by their export to and adoption in Europe.<sup>11</sup> And they are beginning to make inroads in Asia as well.<sup>12</sup>

We believe the above case study, although compressed and summarized in extreme, has applicability to the SEF Proposal. No regulator, market participant, academic, legacy business or entrant could have predicted in the mid-1990s the regulatory, market structure, and innovation outcomes that ultimately came to fruition. Regulators implemented reforms incrementally, giving markets and participants time to innovate and absorb new reforms in a sequential manner, all based on universal goals and principles.

### C. Today's Swaps Markets

We read with great optimism the lofty goals and principles of Title VII of the Dodd-Frank Act:

The legislation was enacted to reduce risk, increase transparency, and promote market integrity within the financial system by, among other things: (1) Providing for the registration and comprehensive regulation of swap dealers and major swap participants; (2) imposing clearing and trade execution requirements on standardized derivatives products; (3) creating robust recordkeeping and real-time reporting regimes; and (4) enhancing the Commission's rulemaking and enforcement authorities with respect to, among others, all registered entities and intermediaries subject to the Commission's oversight.<sup>13</sup>

In connection with the SEF Proposal, we respectfully encourage the Commission to establish a regulatory framework based on these goals and principles, and enable a competitive environment that supports entry, innovation, dynamism, and customer choice. We believe that

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<sup>9</sup> Two more scandals in the 2000s led to still more reform. In 2000, the Department of Justice filed suit against the nation's leading options exchanges alleging collusion to divvy up listings, which inhibited competition. As part of the settlement, the Department of Justice and the SEC compelled the options exchanges to list competing options series. And, in 2005, the SEC accused the NYSE's specialists of improperly trading ahead of customer orders. The case was settled and resulted in, among other things, policy prescriptions found in Regulation NMS. See SEC Final Rule on Regulation NMS, File S7-10-04, Release No. 34-51808, RIN 3235-AJ18, 70 Fed. Reg. 37496 (June 29, 2005) ("Regulation NMS").

<sup>10</sup> *Id.* at 37631-32.

<sup>11</sup> Directive 2004/39/EC of the European Parliament and Council of the European Union, "Markets in Financial Instruments Directive" (OJ L145/1 of Apr. 21, 2004) ("MiFID").

<sup>12</sup> See, e.g., Investment Technology Group, Inc., "Are Funds Getting What They Pay For?" *The Trade Asia* 50 (Q3-Q4 2010); [http://www.itg.com/news\\_events/ITG-in-the-Trade-Asia-are-funds-getting-what-they-pay-for.pdf](http://www.itg.com/news_events/ITG-in-the-Trade-Asia-are-funds-getting-what-they-pay-for.pdf).

<sup>13</sup> SEF Proposal at 1214. See also Gary Gensler, Chairman, Commodity Futures Trading Commission, Testimony Before the U.S. Senate Committee on Agriculture, Nutrition & Forestry, Washington, DC (Mar. 3, 2011) available at <http://www.cftc.gov/pressroom/speechestestimony/opagensler-72.html>.

this framework and environment will produce the best outcome for U.S. global competitiveness, markets, industry, capital formation, and job creation.

#### **IV. Part II: Specific Rule Provisions**

As stated in our “Guiding Principles” above, Part II of our comments reflects observations on specific rule provisions of the SEF Proposal. Our overriding conclusion is that certain of these rules (A-C) will reduce liquidity, widen spreads and generate higher transaction costs, and other rules (D, E) will erect burdensome and unnecessary barriers to entry, all of which will be harmful to these markets.

##### **A. Transmission of Quotes to No Less than 5 Market Participants**

Section 37.9 of the SEF Proposal defines a Request for Quote System (an “RFQ”) as a system which requires participants to transmit a request for a quote to buy or sell a specific instrument to no less than five market participants in the trading system or platform. We appreciate and understand that the Commission is attempting to promote and encourage pre-trade transparency. However, we believe that the “five-market-participant” requirement is overly rigid and may not necessarily create “transparency.”

We believe this is an issue of customer choice, discretion, and satisfaction. Customers are best positioned to make that decision. In COMET, our experience is while some clients send RFQs to 90 potential counterparties, others send to only one. Each trade has different circumstances, requirements and market participants. COMET gives its clients the ability to choose to transmit an RFQ to as many or as few counterparties in accordance with the unique characteristics and parameters of the transaction. We believe the better market structure is driven by customer choice, discretion, and satisfaction.

It is noteworthy that the SEC has addressed similar issues in its recent rule proposal concerning the trading of securities swaps on RFQ systems. Based on our reading, the SEC believes a SEF could allow, under Dodd Frank, a participant to “...send a single RFQ to any number of specific liquidity providing participants on the SB SEF, including just a single liquidity provider...”<sup>14</sup> The SEC observes that market participants have indicated that if terms of trades in transactions must be disclosed to a wide range of market participants prior to execution, that market information could adversely affect pricing by making hedging more difficult.<sup>15</sup>

We agree with the SEC’s interpretation that gives customers the power of choice to send an RFQ to a single participant on a SEF, as long as the SEF also provides functionality (ability) to send an RFQ to more than one, many, or even all participants on the SEF. We believe that this flexibility will encourage market participants to execute trades on a SEF, which is an underlying policy of the Dodd-Frank Act.

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<sup>14</sup> SEC Notice of Proposed Rule and Interpretation on Registration and Regulation of Security-Based Swap Execution Facilities, Release No. 34-63825, File No. S7-06-11, RIN 3235-AK93, 76 Fed. Reg. 10948, 10953 (February 18, 2011) (with comment deadline of April 4, 2011).

<sup>15</sup> *Id.* at 10954. (In the interest of full disclosure, we do not agree with the entirety of the SEC proposal. For instance, we believe the proposed obligation that bids and offers be included in a “composite indicative quote” could prematurely disclose a participant’s negotiating position, particularly if it is the only quote available.)

## **B. 15-Second Timing Delay**

Section 37.9 of the SEF Proposal also directs a SEF to “require that traders who have the ability to execute against a customer’s order or to execute two customers against each other be subject to a 15 second timing delay between the entry of those two orders,” so as to expose the order to the broader market. Although we understand the Commission’s motivation, we believe the concept of exposing customer orders to the marketplace for an arbitrary time increment of 15 seconds, regardless of the product being traded, is anachronistic.

First, as noted above, customer choice (and satisfaction) should be paramount in order handling, not arbitrary “time” obligations. Second, similar trading rules and market structure existed in the listed securities markets years ago, but were discarded by regulators, customers and other market participants. In fact, Regulation NMS, discussed above, spoke directly to this point in driving manual markets away from “time delays.”<sup>16</sup> “Time delays,” by their nature, invite mischief making, free-riding problems, and distortions, all at the cost and expense of customers.

## **C. “Sweep” of Resting Bids and Offers to Requestors**

Section 37.9 requires that systems permitting RFQs must take into account any bids or offers resting on the trading system or platform pertaining to the same instrument and communicate them to the requestor.

Market participants using RFQ systems choose to direct orders to counterparties with whom they have standing business and credit relationships. Again, we see this as a principle of client choice. Give customers transparency, connectivity, risk management, and routing tools and let them make informed decisions. As with the revolution that occurred with the listed securities markets, we believe, once available, much of the market dysfunction will sort itself out very quickly. Given choices, clients will “decide with their feet.” That is the most efficient discipline.

Additionally, the sweep requirement may compel disclosure of competitive information to mischief makers and “pingers,” who attempt to free ride by surreptitiously gaining market information for their own profit at the expense of others. This type of gaming has occurred in the listed securities markets and is a much-discussed concern of regulators and institutional and retail market participants. As such, the rigidity of the proposed rule may hurt the ability of market participants to hedge risk because of information leakage and slippage.

## **D. Core Principle 13 – Adequate Financial Resources**

Section 37.1301 of the SEF Proposal requires SEFs to maintain “adequate” financial resources to perform their functions to comply with the Core Principles. Financial resources are determined to be “adequate” if a SEF maintains an equal to or greater amount than its operating expenses for one year (on a rolling basis). Of that one-year reserve, SEFs are required to maintain at least six months in liquid form.

We believe that this threshold is an unnecessary barrier to entry and is arbitrary because it does not correspond to underlying risk. As such, the threshold will harm the competitive environment. Our understanding of a SEF is that it is an agency platform and, thus, will not carry on its books the risk of positions and trades executed on it. Risk, rather, will be borne by the principals entering into the transactions, their clearing brokers (“FCMs”), and clearing houses (“DCOs”). In securities markets, ECNs and ATs’, which we view as very close relatives to SEFs, are not required to maintain these types of capital requirements. (They are sponsored by broker-dealers, which have commercial relationships with clearing brokers.) ECNs and ATs’ do not bear principal or clearing risk. And the failure of an ECN or ATs has never caused market disruption.

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<sup>16</sup> See Regulation NMS at 37501, 37534-35, 37631-32.

Importantly, from a regulatory perspective, it appears that the Commission is encouraging registration as a designated contract market for futures (“DCM”) over that as a SEF. This is based on our understanding that this resource requirement does not apply to a DCM.

In the end, we believe market participants will support the most innovative, best run and capitalized SEFs. They will support these SEFs through capital investment and by using their trading platforms as a customer. A competitive marketplace will make those efficiency determinations; whereas a rigid capital rule, which has no nexus with underlying risk, will only harm entry.

#### **E. Core Principles: Self Regulatory Obligations for SEFs**

We believe there are additional (and unnecessary) barriers to entry constructed by the SEF Proposal. As we read the Core Principles, it appears that SEFs are essentially obligated with all of (or nearly all of) the self regulatory organization requirements of a DCM. In fact, there is an argument that the obligations imposed on SEFs are even greater than those of a DCM. Consequently, it appears, again, that the Commission is encouraging entrants to register as a DCM over that as a SEF.

Alternatively, we believe that the underlying flexibility of the SEC’s Regulation ATS serves as the better template. Regulation ATS establishes two regulatory avenues: (1) register as a national securities exchange, and with it comes the full scope of self-regulatory requirements (and opportunities); or (2) register as an ATS, with a much more limited scope of requirements because the business activities of an ATS as an agency platform are much more confined and do not present the same risk profile as a national securities exchange.

The outcome of the SEF Proposal in its current form, we would argue, will limit entry into the SEF business to current DCMs and other legacy participants. The opportunity to create a dynamic and competitive marketplace, along with the associated positive outcomes, will be gravely damaged.

#### **V. Conflicts of Interest of SEFs**

We would like to add our voice, very briefly, to the conflict of interest discussion regarding SEFs raised by the Commission in an earlier proposal.<sup>17</sup> We believe that any real or potential conflicts of interest concerning SEF governance should be, just that, an issue of governance and not of capital structure. Generally, we believe conflicts are eliminated and mitigated through limitations on voting power, composition of board structure, diversity of constituencies, empowerment of a Regulatory Oversight Committee, and through strict adherence to conflict of interest policies and procedures. However, we do not believe that (economic) limitations on the capital structure of a SEF are healthy for entry and a competitive environment.

#### **VI. Open and Non-Discriminatory Access to DCOs for SEFs: The Games People Play**

Lastly, we are extremely encouraged by the “fair and open access” concepts in the Dodd Frank Act and amended Core Principles regarding the availability of SEFs to access and become customers of clearing houses. To wit:

The participation and membership requirements of each DCO shall –

- (I) Be objective;
- (II) Be publicly disclosed; and

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<sup>17</sup> CFTC Notice of Proposed Rulemaking on “Requirements for Derivatives Clearing Organizations, Designated Contract Markets, and Swap Execution Facilities Regarding the Mitigation of Conflicts of Interest,” RIN 3038-AD01, 75 Fed. Reg. 63732 (October 18, 2010).



(III) Permit fair and open access.

However, our extensive experience in the securities industry cautions that the Commission will have to monitor this process vigilantly. In the securities industry, as the business environment evolved and entrants became competitive threats, legacy markets employed (illegal and anti-competitive) tactics and coercion when entrant markets were attempting to establish linkage (in a very similar manner as SEFs will with DCOs). To wit: (1) Threats (literally) of “ripping a (linkage) wire out of the wall” were made; (2) Finely tuned differential pricing was employed, where different (“gouge”) rates were charged different markets centers, depending on the level of competitive threat; and (3) Arbitrary and wanton use of regulations and rules as weapons barred the door for some while letting others in, despite being of equal merit. The SEC ultimately had to step in to ensure open access. Again, we petition the Commission to be vigilant so as to protect the integrity of access by SEFs to DCOs.

**VII. Conclusion – “Measure Twice, Cut Once”**

We tip our hat to the Commission (and the SEC) for the colossal amount of profound thinking, debate, and drafting that has gone into all the regulatory proposals involving the Dodd-Frank Act. Kudos!

Your work on this subject matter will have great impact on U.S. global competitiveness, markets, industry, capital formation, and job creation.

To reiterate, we believe that the best avenue to a vibrant, transparent, fair, and efficient swaps marketplace is through the establishment of a dynamic and competitive environment that gives market participants choices and discretion and maintains minimal barriers to entry. We also believe that the regulatory framework should not be overly prescriptive, should be implemented incrementally, and be based on empirical evidence and data. We believe this path will best support and achieve the goals and principles set forth in the Dodd-Frank Act.

We conclude with the old carpenter’s “saw:” “Measure twice, cut once.”

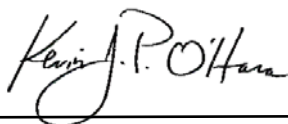
Thank you for considering our comments. If you have any questions, please contact us at your convenience.

Very truly yours,



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Gerald D. Putnam  
Chairman & Chief Executive Officer  
TRUMARX DATA PARTNERS, INC.



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Kevin J. P. O'Hara  
Chairman, Audit Committee of the  
Board of Directors  
TRUMARX DATA PARTNERS, INC.

Cc: The Hon. Gary Gensler, CFTC Chairman  
The Hon. Bart Chilton, CFTC Commissioner  
The Hon. Michael Dunn, CFTC Commissioner  
The Hon. Jill E. Sommers, CFTC Commissioner  
The Hon. Scott D. O'Malia, CFTC Commissioner

The Hon. Mary Schapiro, SEC Chairman  
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The Hon. Luis A. Aguilar, SEC Commissioner  
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Ms. Elizabeth M. Murphy, SEC Secretary