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June 28, 2011

To: Amanda Olear, Special Counsel
Managed Funds Unit, Division of Clearing and Intermediary Oversight
United States Commodity Futures Trading Commission

Fr: Jennifer Setzenfand, Vice President and Senior Trader, Federated Investors
Treasurer of the Security Traders Association

Re: **CFTC Roundtable Discussion for the U.S. Commodity Futures Trading
Commission on the revision of Rule 4.5**

Dear Ms. Olear,

I look forward to participating on the CFTC roundtable for the proposed revision of Regulation 4.5. In my role at Federated Investors and as the Treasurer for the Security Traders Association, I believe I can offer valuable comments on the impacts this proposal will have on registered investment companies ("RICs"). Below is a synopsis of the views expressed by STA's membership. I will be prepared to discuss them in detail upon request by CFTC staff.

Summary of STA's views:

- Futures are an effective investment alternative that portfolio managers use in managing risk and fund flows while fulfilling the stated objectives of their funds
- The proposal goes far beyond the stated objectives of regulating RICs who engage in 'futures only' activity.
- The proposal creates a dual regulatory regime for RICs-who are already registered with the Securities and Exchange Commission-that is both duplicative and contradictory.
- The proposal will substantially affect RICs who transact in any futures products.
- RICs unable to finance the regulatory infrastructure to support a dual regulatory regime will lose the ability to use futures and will then be limited to using less liquid and perhaps inferior investment alternatives for managing risk and fund flows.
- The additional regulatory costs present a barrier to entry for new, start up RICs who may have innovative investment vehicles.
- STA urges a "Joint Advisory Committee" comprised of CFTC and SEC staff to be responsible for, among other things; conducting a cost benefit analysis, determining how funds use futures, serving as the primary resource for clarification on inquiries and studying the impacts on volatility in alternative markets.
- We recommend that the CFTC extend the comment period for a significant period of time allowing for a full due process of rule making.

Sincerely,

Jennifer Green Setzenfand