



July 1, 2011

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

Via Online Submission

SUBJECT: Effective Dates

Dear Mr. Secretary:

Minneapolis Grain Exchange, Inc. ("MGEX" or "Exchange"), a Designated Contract Market ("DCM") and Derivatives Clearing Organization ("DCO"), will be greatly affected by the implementation of many aspects of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). MGEX appreciates the continued efforts the Commodity Futures Trading Commission ("CFTC" or "Commission") has put forth to meet the deadline placed upon it by Congress to issue regulations that implement the Dodd-Frank Act's many requirements, and would like to thank the Commission for the opportunity to provide comments on the above referenced matter published in the June 17, 2011 Federal Register Vol. 76, No 117.

The Commission, in its Proposed Order, places each section of the Dodd-Frank Act into four major categories: "(1) Provisions that require a rulemaking (for which relief is not being proposed); (2) self-effectuating provisions that reference terms that require further definition; (3) self-effectuating provisions that do not reference terms that require further definition and that repeal provisions of current law; and (4) self-effectuating provisions for which relief is not being proposed."¹ The CFTC states that the provisions under category 4 will take effect on July 16, 2011.

MGEX believes that the same reasoning behind the exemptive authority under section 4(c) of the Commodity Exchange Act ("CEA") and section 712 of the Dodd-Frank Act can equally apply to the core principles for DCMs and DCOs as well as other provisions in which the Commission has put forth significant proposed rulemakings.² Since it appears the Commission will not be publishing final rulemakings addressing the new

¹ 76 Fed. Reg 35372, 35373 (June 17, 2011).

² CEA section 5b(c)(2), 7 U.S.C. 7a-1(c)(2) (core principles for DCOs and new CEA section 5(d), 7 U.S.C. 7(d) (core principles for DCMs).

and modified core principles for DCOs and DCMs prior to July 16, the CFTC should grant temporary relief from the requirements of the Dodd-Frank Act, particularly sections 725 and 735. Such relief is only temporary, not permanent. DCMs and DCOs of course will not be operating without any regulatory guidance as there are current core principles in place for both. However, essentially forcing DCMs and DCOs to comply with the literal language of the Dodd-Frank Act without final regulations means legal uncertainty will be created. Some of Dodd-Frank Act's plain language simply cannot be met by July 16. Core Principle Q is just one example. If the requirements of the Dodd-Frank Act cannot be met, then temporary relief should be granted, and these sections of the Dodd-Frank Act reclassified in another category.

An argument that a DCM or DCO has discretion to determine how best to comply with the Dodd-Frank Act, or that it won't be held accountable for compliance until final regulations are issued, does not make the DCM's or DCO's legal position any more certain. Rather, it just opens the door for more second guessing of the DCM's and DCO's decisions. Confusion is not a good thing and the shadow of the looming final regulations creates confusion and uncertainty. Further, requiring DCMs and DCOs to adjust or make changes to their operations and rulebooks prior to the Commission publishing the full mosaic of the Dodd-Frank Act may be costly and inefficient use of resources. Therefore, temporary relief should be granted until final regulations are issued.

MGEX could be supportive of the core principles, as amended by the Dodd-Frank Act, becoming effective on July 16, 2011 if there were no further rulemakings implementing the core principles. However, it is apparent that a flurry of final rulemakings will still be forthcoming. Therefore, the meaning and interpretation of the core principles will likely drastically shift from the plain meaning of the language in the Dodd-Frank Act. Consequently, it is unreasonable to state that these core principles do not fall under category 2. These drastic interpretations proposed under the full mosaic of proposed regulations are evidence that either the proposed rulemakings should not be adopted and the core principles should stand alone or that further definition is indeed required. Therefore, if the Commission plans on issuing final rules it must be that further definition is required and there should be a delay in the implementation of these provisions of the Dodd-Frank Act under category 2.

The Exchange thanks the Commission for the opportunity to comment on the proposed order. If there are any questions on our comments, please contact me at (612) 321-7169 or lcarlson@mgex.com. Thank you for your attention to this matter.

Regards,



Layne G. Carlson
Corporate Secretary

cc: Mark G. Bagan, CEO, MGEX
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