



August 29, 2011

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

Via Online Submission

SUBJECT: Plan for Retrospective Review

Dear Mr. Secretary:

The Minneapolis Grain Exchange, Inc. ("MGEX" or "Exchange") would like to thank the Commodity Futures Trading Commission ("CFTC" or "Commission") for this opportunity to respond to the Commission's request for comment on the above referenced matter published in the June 30, 2011 Federal Register Vol. 76, No. 126.

MGEX is both a Designated Contract Market ("DCM") and Derivatives Clearing Organization ("DCO") and is greatly affected by changes to the CFTC's regulations.

The Exchange is supportive of periodical reviews by the Commission of its regulations for the purpose of simplifying, harmonizing, and streamlining regulations to reduce costs and promote certainty. Executive Order 13563 ("Executive Order") provides guidance on how to accomplish such an undertaking and MGEX fully supports the Commission's use of the processes and requirements detailed in the Executive Order.

As is noted in the request for information and Commissioner Sommers' concurrence, "Phase One" is well under way. Phase One is described as a review of regulations which might need to be modified to conform to the Dodd-Frank Wall Street Transparency and Accountability Act ("Dodd-Frank Act"). In light of the Commission's laudable goal to simplify and harmonize regulations based on the tenants of the Executive Order, MGEX urges the Commission to not rush implementation of the long list of outstanding proposed rulemakings only to have to harmonize them after the fact. Rather, it seems more prudent to apply the intent of the Executive Order beforehand and take a measured look at the full mosaic of regulations prior to forging ahead.

Therefore, MGEX suggests that the Commission follow a conservative path to implementing regulatory amendments. MGEX believes that taking small bites of

regulatory change, starting with only those that are specifically required to be amended or adopted to conform with the Dodd-Frank Act, is more prudent than expanding the scope of regulatory changes in one fell Phase One swoop. Many of the proposed rulemakings regarding futures can be shifted to Phase Two as they are not required by the Dodd-Frank Act. In either case, MGEX believes it best for the Commission to publish a schedule in which it intends to review the rules for both Phase One and Phase Two so as to provide the full mosaic of regulations. As Commissioner O'Malia stated in regards to reporting and position limits, any successful project starts with a solid foundation. The same theory could be expanded to the regulatory review process as a whole. Beginning with those required be amended or adopted to conform to the Dodd-Frank Act as well as a schedule of review and implementation could go quite far in creating a solid foundation.

As the Commission continues Phase One and enters Phase Two, the process of periodic, retrospective examination of the regulations not reviewed under the umbrella of the Dodd-Frank Act, MGEX respectfully requests that the Commission continue to apply the flexible, core principle approach that has proved a successful model for the futures industry. Further, the core principle approach is supported under section 4, "Flexible Approaches," of the Executive Order. During both phases and others likely to follow, the Exchange supports an enhanced cost-benefit analysis compared to what is currently being put forth in the proposed rulemakings to ensure that section 1(b) of the Executive Order is voluntarily satisfied.

A reasoned determination that a proposed regulation's benefits justify its costs, imposes the least burden possible and takes into account the cumulative costs of the regulation appears to be the logical and rational process for rule promulgation. MGEX believes the Commission will strive to meet these well principled goals.

### **Conclusion**

The Exchange thanks the Commission for the opportunity to comment on the Plan for Retrospective Review. If there are any questions regarding these 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  
Jesse Marie Bartz, Assistant Corporate Secretary, MGEX  
Eric J. Delain, Legal Advisor, MGEX  
James D. Facente, Director, Market Operations, Clearing & IT, MGEX