



September 30, 2011

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

Via Online Submission

SUBJECT: RIN 3038-AD51

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 August 1, 2011 Federal Register Vol. 76, No. 147.

MGEX is both a Designated Contract Market ("DCM") and Derivatives Clearing Organization ("DCO") and therefore is affected by changes to the CFTC's regulations. MGEX appreciates the continued efforts the Commission has put forth to address the requirements placed upon it by Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). Regarding this proposed rulemaking, the Exchange has the following comments.

The proposed regulation states that a DCO "shall have rules that provide that the derivatives clearing organization will accept or reject for clearing as quickly after execution as would be technologically practicable if fully automated systems were used, all contracts that are listed for clearing by the derivatives clearing organization and are executed competitively on a designated contract market or a swap execution facility."¹ Further, the proposed rulemaking clarifies that "as quickly after execution as would be technologically practicable if fully automated systems were used" means the "Commission anticipates that this standard would require action in a matter of milliseconds or seconds or, at most, a few minutes, not hours or days."² However, the Commission elected to leave this clarification out of the text of the proposed regulation. MGEX believes this clarification should be codified in the regulation instead of being left

¹ 76 Fed. Reg. 45730, 45738 (Aug. 1, 2011).

² *Id.* at 45733.

to the legislative history. Further, MGEX believes the final rule should unmistakably identify that the acceptance timing provided under §39.12(b)(7)(ii) and (iii) is applicable only for those swaps that a DCO has identified that it can and will clear as opposed to variations of contracts listed for clearing or any contract not previously cleared by the DCO. If a DCO does not already clear a contract (or it is non-standard variation of a cleared contract), the regulations should specifically afford the DCO time to assess the new contract and adjust its clearing system. Lastly, MGEX requests that the final regulation clearly indicate that the rules required to be adopted by the DCO are to be general acceptance and timing rules; not rules specifically for each contract listed to be cleared.

Conclusion

The Exchange thanks the Commission for the opportunity to comment on the notice of proposed rulemaking. If there are any questions regarding these comments, please contact me at (612) 321-7128 or edelain@mgex.com. Thank you for your attention to this matter.

Regards,

A handwritten signature in black ink, appearing to read 'Eric J. Delain', with a stylized flourish at the end.

Eric J. Delain
Legal Advisor

cc: Mark G. Bagan, CEO, MGEX
Jesse Marie Bartz, Assistant Corporate Secretary, MGEX
Layne G. Carlson, Corporate Secretary, MGEX
James D. Facente, Director, Market Operations, Clearing & IT, MGEX