



Tuesday, November 1, 11



Chairman Gensler:

I am writing this to you as a small business owner and what seems to be an afterthought outside the umbrella of Dodd Frank. I own and operate Sage Commodities LLC (NFA ID: 0418676), an independent natural gas brokerage. I have gross revenue of around \$1 million a year. I currently employ three people and have been looking to expand for some time without luck. I am not here to tell you how to do your job. You are more than capable and, in my opinion, have done a very good job given difficult market circumstances. I just want a couple minutes of your time. Now I completely understand the need for regulation after the catastrophe of the past 10 years culminating in 2008-9, but also realize that regulation, although well intentioned tends to have unintended consequences, especially regulation as broad and sweeping as Dodd Frank. My business is in the 'unintended consequences' line.

Currently, from my understanding, the way the regulation is going to be written is that it contains a clause for Swap Execution Facilities or SEF's and is delayed over how interstate commerce should be defined (whether or not voice brokerage will be included). For some industries, current business structures are already in place (i.e. Brokertec) and for interest rate, CDO/CDS's, dark pools and currency derivatives that this regulation is intended for the general public as well as the financial markets will benefit thru greater efficiency and transparency due to the changes. For the natural gas brokerage industry it literally destroys the little guy in favor of larger companies like ICAP, Choice, GFI and could possibly end up eliminating the need for them eventually. Companies like Sage don't operate in dark pools or execute anything that isn't 100% transparent. I operate as a traditional voice brokerage. Every single trade I have ever executed has been cleared on either ICE or the CME and entered in a timely manner with all interested parties privy to the information flow. Our clients include Institutional Investors, Individuals, Market Makers, Hedge Funds and E&P's. We operate in complete accordance with the proposed swap regulation of Dodd Frank. The difference being that we don't have a trade screen to promote our bids/offers. In other words, the small brokerage business model that currently complies with the underlying idea of Dodd Frank in making sure that all swaps are cleared and transparent will be dismantled and swallowed up by the more capitalized companies in the space. Can that really be the intention? I am sure it is not considering the current unemployment rate in this nation and the need for companies like mine to grow, expand and continue hiring.

Like I stated previously, I understand and agree with the notion that all swaps be regulated and transparent. In my opinion, it is a necessity in order to avoid another meltdown. What I am simple trying to shed light on is that Dodd Frank swap regulation in its current form is coming at the expense of small businesses in the natural gas brokerage industry. Even beyond the current situation, it is hard for me to see the SEF's in its purest form (only a screen whereby traders are posting bids and offers for anyone signed into the screen to view and act on) to not eliminate the Natural Gas brokerage niche completely. This is a relationship business that competes for value against ICE and Clearport everyday. Traders already have all the price discovery they need in Clearport and ICE. It certainly doesn't come from the likes of Sage Commodities or ICAP for that matter. Getting traders to put up another screen to see something they already currently can with the added inconvenience of increasing desktop real estate would reduce volumes and jobs considerably in my opinion. But what do I know. All I am asking is for you and your committee to take a look at the consequences in specific industries before applying the cookie cutter to all of them in order to regulate the problematic ones. I want to thank you for taking time out of your day to listen to a small business owner's story. I truly appreciate it. If for any reason you would like to speak with me regarding this letter, please feel free to contact me anytime. Once again, thank you for time.

Cordially,

Aaron Rasmussen
President

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