

COMMODITIES

July 25, 2012

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

RE: Commodity Options Interim Final Rule, RIN Number 3038-AD62

Dear Mr. Stawick:

NASDAQ OMX Commodities Clearing Company (“NOCC”) appreciates the opportunity to comment on the Commodity Futures Trading Commission’s (“Commission”) request for comment concerning the Commission’s Interim Final Rule on Commodity Options (the “Interim Rule”).

NOCC is a wholly owned subsidiary of NASDAQ OMX Group, Inc. (“NASDAQ OMX”).¹ NOCC has extensive experience as a dealer in physical energy spot and forward transactions. NOCC is an eligible contract participant (and eligible commercial entity) as defined in the Commodity Exchange Act (“CEA”). It is a dealer in cash energy markets, where it transacts on a “riskless principal” basis as a means to manage its risk, in physical electricity spot and physical delivery option transactions, and in transactions in electricity for deferred shipment or delivery (i.e., traditional commercial physical forward contracts that are excluded from regulation as futures contracts under the CEA). NOCC has received market-based rate authority from the Federal Energy Regulatory Commission (“FERC”), which means it has the status of a power marketer, with authority to enter into market-based transactions in power with other commercial participants in the energy markets at competitive market rates. NOCC has one or more bilateral master agreements in place with each of its commercial trading counterparties, containing consistent language regarding such key terms as credit support, settlements, payments, events of default and termination events.²

¹ NASDAQ OMX is the world's largest exchange company. It delivers trading, exchange technology and public company services across six continents, with more than 3,600 listed companies. NASDAQ OMX offers multiple capital raising solutions to companies around the globe, including its U.S. listed securities market, NASDAQ OMX Nordic, NASDAQ OMX Baltic, NASDAQ OMX First North, and the U.S. 144A securities sector. The company offers trading across multiple asset classes including equities, derivatives, debt, commodities, structured products and exchange-traded funds. NASDAQ OMX technology supports the operations of over 70 exchanges, clearing organizations and central securities depositories in more than 50 countries.

² The primary agreement that NOCC uses with each of its trading counterparties is the International Swaps and Derivatives Association (“ISDA”) Master Agreement (either the 1992 or the 2002 version) with Power and Gas Annexes as applicable to the particular counterparty. Certain customers, though, have instead entered into enabling agreements with NOCC utilizing the North American Energy Standards Board

Sections 32.3(a)(1) and (2) of the Interim Rule provides that the eligible offerors and offerees under the trade option exemption include producers, processors, or commercial users of, or merchants handling the commodity that is the subject of the commodity transaction in question. Eligible Contract Participants (ECPs) are also included as eligible offerors, but not as offerees. NOCC agrees with The Commercial Energy Working Group that the rule is unnecessarily restrictive in that ECPs are not included as eligible offerees.³ So long as one of the parties in an exempt commodity option transaction is a producer, processor, commercial user or merchant of the commodity in question, the trade option will serve a commercial purpose as intended. Commercial entities should be able to close out a hedge by offering an offsetting commodity option as their hedging needs change in the course of their business. An ECP may be the only available counterparty to such a close out transaction. By failing to include ECPs in the category of eligible offerees the Interim Rule may needlessly hinder commercial entities from hedging exposures associated with operating their businesses.

NOCC appreciates the opportunity to provide this comment and stands ready to answer any questions the Commission may have.

Sincerely,

A handwritten signature in black ink that reads "Magnus Haglund". The signature is written in a cursive style with a horizontal line striking through the middle of the name.

Magnus Haglund

President

NASDAQ OMX Commodities Clearing Company

("NAESB") form bi-lateral agreement for natural gas trades and the Edison Electric Institute ("EEI") Master Agreement for electric power trades.

³ See letter to David A. Stawick, Secretary, Commission, from The Commercial Energy Working Group, June 26, 2012.