



February 15, 2013

Via On-Line Submission

Ms. Melissa Jurgens
Secretary
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

**Re: Enhancing Protections Afforded Customers and Customer Funds Held by
Futures Commission Merchants and Derivatives Clearing Organizations
(RIN 3038-AD88)**

Dear Ms. Jurgens:

R.J. O'Brien & Associates, LLC ("RJO")¹ appreciates the opportunity to comment on the Commodity Futures Trading Commission's ("CFTC's") proposed rule amendments entitled "Enhancing Protections Afforded Customers and Customer Funds Held by Futures Commission Merchants and Derivatives Clearing Organizations" (the "Proposed Rules"). RJO supports the CFTC's efforts to enhance protections for futures and swaps customers and believes that many of the Proposed Rules will be effective in meeting that objective when promulgated in final rulemaking. RJO is very aware of the devastating impact that the MF Global Inc. and Peregrine Financial Group, Inc. bankruptcies had on the futures industry and is a strong proponent of regulatory initiatives that will provide greater protections and assurances to market participants.

Although RJO strongly supports the goal of improving client protections, we believe that certain aspects of the Proposed Rules may produce unintended negative consequences for key participants in the futures markets. Certain proposals would dramatically alter the way that

¹ Founded in 1914, RJO is the oldest and largest independent futures brokerage firm in the United States. RJO is a full clearing member of: the CME Group (founding member of the Chicago Mercantile Exchange) and all its markets; Intercontinental Exchange (ICE); NYSE Liffe U.S.; and the CBOE Futures Exchange (CFE). The firm offers state-of-the-art electronic trading technology and 24-hour trade execution on every major futures exchange worldwide. For more information, on RJO, please visit www.rjobrien.com.

FCMs and their customers have done business for decades and would substantially impact some customers' ability to hedge their commercial risks and severely challenge small and medium-sized FCMs' ability to remain competitive.

Most importantly, we believe that the CFTC's proposal to require FCMs to take a capital charge for margin deficiencies that are outstanding for more than one day, together with the proposal to require residual interest to exceed margin deficiencies at all times, would result in very substantial costs to both FCMs and their customers. In particular, the farmers and ranchers who utilize these markets to hedge their commercial risks and the FCMs that service them will face significant pressures on capital and liquidity. For many small and medium-sized FCMs, the cost of obtaining this capital could prove to be an insurmountable obstacle. To meet residual interest requirements, these FCMs would need borrowing power in the form of general credit, which would come at a very substantial cost. Alternatively, FCMs would need to manage residual interest through an increase in permanent capital, which would carry even greater costs. Moreover, some FCMs may not have access to either general credit or permanent capital.

Based on preliminary analysis by the industry, it appears that the proposal to require FCMs to take a capital charge for margin deficiencies that are outstanding for more than one day will increase by 300% or more the amount of residual interest required at FCMs. Faced with these substantial new costs, FCMs will be forced to require customers to prefund margin obligations and to increase transaction costs. This will increase a client's exposure to their FCM and dramatically increases their liquidity needs. This result would be detrimental to both FCMs and their customers. For these reasons, we strongly suggest that the CFTC conduct a thorough cost-benefit analysis after more extensive study of the potential impact of the Proposed Rules on FCMs, their customers, and the marketplace in general before implementing new regulations.

We appreciate the CFTC's consideration of these concerns and would welcome the opportunity to discuss them further with the Commission as we strive to find the optimal solutions for enhancing customer protections and maintaining the integrity of the futures markets. Below, we respectfully state our principal concerns with the Proposed Rules. Please note that this letter is not inclusive of all issues and concerns that RJO has identified. As an active member of the Futures Industry Association (FIA), we also support most of the well reasoned and thoughtful comments that are being submitted by the FIA, with a few noted exceptions, which are discussed below.

I. Requiring FCMs to take a capital charge for any margin calls outstanding more than one day is impractical and will come with substantial negative consequences for agricultural customers that utilize the futures markets to hedge their commercial risks and for the FCMs that serve them.

RJO respects the CFTC's objective in proposing to amend Rule 1.17(c)(5)(viii) to shorten the time in which an FCM must take a capital charge for accounts that are undermargined. We

recognize that the collection of margin is a critical component of an FCM's risk management program, however we do not think it is realistic to expect that all margin calls can or will be met in that timeframe. We understand that the CFTC "believes... that in today's markets, with the increasing use of technology, 24-hour a day trading, and the use of wire transfers to meet margin obligations, that the time frame for taking a capital charge should be reduced." However, as the largest independent FCM serving a client base that includes a great number of farmers and ranchers, we are well aware that many customers that use the markets to hedge commercial risk still meet margin calls by check or ACH because of the impracticality and costliness of wire transfers in their circumstances. In many cases, the costs of wire transfers would exceed the transactions costs paid by a client to its FCM. Additionally, some customers in this community finance their margin calls, which can require additional time to arrange for delivery of margin call funds due to routine banking procedures.

Foreign customers will also often have considerable difficulty meeting margin calls in one business day due to time zone differences and varying bank holidays. In some countries, such as Brazil, customers face regulatory restrictions or formalized processes in connection with any transfers of funds out of their country. This can often impact such customers' ability to meet margin calls in one day.

As discussed above, critical market participants will face substantial increases in their trading costs and stresses on their liquidity under the Proposed Rules. Moreover, the FCMs that service them will struggle to remain competitive. If adopted, the Proposed Rules may result in fewer clearing FCMs and greater systemic risk to the marketplace. Many of the larger FCM/BDs likely have little interest in servicing smaller rancher and farmer clients, as was evidenced in the wake of MF Global's failure. The result is fewer options being available to these essential market participants that wish to hedge their commercial risks.

For these reasons, we join the FIA and others in recommending that the CFTC take more time to carefully analyze the costs and benefits of the Proposed Rules, as well as the overall impact of previously adopted customer protection rules, before implementing new rules that could have a deleterious impact on FCMs and their customers. Should the CFTC proceed in rulemaking that that will shorten the time period in which an FCM must take a capital charge for undermargined accounts, we strongly believe that it is more reasonable and equitable to amend Rule 1.17(c)(5)(viii) to require that FCMs take capital charges for accounts that are undermargined for more than two business days after a margin call is issued. Increasing the time to meet a margin call by an extra day takes into account the challenges and cost considerations facing many key market participants, such as the agricultural clients that make up a significant portion of RJO's client base. We do not believe that allowing an extra day to collect margin calls will have a material impact on the safety of customer assets. Having served the agricultural community for nearly 100 years, RJO is cognizant of the fact that a farmer or rancher needing an extra day to arrange for margin call funds to be delivered to an FCM is not generally indicative

of a potential default. As discussed above, many agricultural clients simply require additional time to meet margin calls due to the impracticality and cost of wire transfers in their circumstances and the routine procedural delays involved for customers that finance their margin call payments. Furthermore, margin deficits will already have been covered by an FCM's residual interest. However, because a large customer default represents a real concentration risk, RJO proposes that an FCM should take a capital charge with respect to any margin deficiency exceeding \$500,000 that is outstanding for more than one day. We believe that this bifurcated approach to capital charges for undermargined accounts would provide the additional customer protections that are sought without causing substantial harm to smaller customers, such as farmers and ranchers, and the FCMs that service them. We would also note that the recent failures at MF Global and Peregrine would not have been avoided if FCMs were required to take capital charges for outstanding margin calls in a shorter timeframe.

To allow time for FCMs to educate and develop systems to assist their clients in meeting margin calls in an expedited timeframe, we also suggest that the CFTC provide for a period of one year from publication of any final rule to require compliance if any changes to the current timeframes for taking capital charges are required. FCMs will need ample time to educate customers regarding the new requirements and customers, particularly those in the agricultural community, will need sufficient time to develop the capabilities, and obtain the financing necessary, to meet margin calls in a shorter timeframe.

RJO further believes that it would be prudent of the CFTC to require futures exchanges to increase margin requirements for all products to a minimum of 135% of the maintenance margin. Exchanges have increasingly been competing with each other to reduce margin requirements in an effort to attract customers. This has resulted in an increase in the number and frequency of margin calls and margin deficiencies while increasing systemic risk to the industry. Furthermore, the same initial margin requirements should be required for all customer types, including hedgers to reduce the potential for margin calls that default or are not met in a timely manner. This requirement would also reduce the costs that customers face in connection with meeting frequent margin calls.

II. Requiring FCMs to maintain residual interest exceeding the sum of all margin deficiencies intraday is not feasible.

The CFTC states in its discussion of the proposed amendments to Rules 1.20 and 1.22 that “an FCM must be in compliance with its segregation obligations at all times and ... [i]t is not sufficient for an FCM to be in compliance at the end of a business day, but to fail to meet its segregation obligations on an intra-day basis.” While we understand the CFTC's objective in stating this requirement, we do not believe that FCMs can realistically determine whether residual interest exceeds the sum of all margin deficiencies at all times throughout a day for several reasons, including but not limited to, the following:

- (a) FCMs cannot accurately assess real time segregation because it is not feasible to accurately estimate the time at which margin calls will be issued and received and when a derivatives clearing organization (DCO) will debit the segregation count;
- (b) Options values and margins are not currently available in real-time, therefore it is impossible for FCMs to accurately calculate the sum of all margin deficiencies at all times. Exchanges would need to be required to provide real-time theoretical pricing and standardized portfolio analysis of risk (SPAN) margin for options to enable FCMs to determine margin deficiencies throughout the day;
- (c) Margin deficiencies of omnibus accounts cannot be determined intraday because FCMs do not have the capability to determine whether underlying customers are offsetting trades or establishing new positions;

Because it is not feasible for FCMs to accurately assess the sum of all margin deficiencies at all times throughout the day and because customers should be permitted a reasonable time to meet margin calls, we join the FIA in recommending that the CFTC instead authorize FCMs to calculate the sum of the margin deficits once each day, as of the close of business on the first business day following the trade date. This alternative would allow FCMs the time to make their margin calls in the morning following a trade and to receive payment during that same business day prior to computing the sum of their margin deficits and increasing their residual amount. We believe that this alternative will reduce the substantial financial burdens that would otherwise be imposed on customers and FCMs under the CFTC's proposal, while further enhancing the protection of customer funds.

III. The customer portion of funds contributed to an Exchange's guaranty fund by an FCM should be considered in the firm's residual interest calculations.

The need for enhanced customer protection is a goal supported by all market participants, however we believe the CFTC and the industry must look at all avenues for the means through which we can enhance those protections without imposing prohibitive costs. In this spirit, RJO brings the CFTC's attention to exchange guaranty funds and the potential for those funds to be included in an FCM's residual interest calculation. This would greatly reduce costs to customer and FCMs. Currently, FCM's contributions to exchange guaranty funds sit idle unless there is a default to the exchange and thus serve primarily to protect the exchange. In the case of MF Global, there were never any margin deficiencies to the exchanges. Therefore, the guaranty funds were not drawn upon nor allowed to offset the shortfall in customer accounts immediately after the insolvency. These funds remained categorized as general creditor obligations until an agreement was met between the CME, the MF Global Trustee and the courts nearly a year later. This agreement ultimately allowed the guaranty funds of MF Global (as well as excess house

funds) to be held against claims of its segregated clients. This should be an immediate result if there is an FCM failure without a default to an exchange.

We propose that an FCM's contributions to the guaranty fund for customer business should be considered to be a component of an FCM's residual interest until such time as they are required to be drawn upon to meet a defaulting firm's obligation at the exchange. For purposes of this proposal, the intention is not to classify the assets in a guaranty fund as segregated or secured funds, but merely to include the customer portion of the guaranty funds as residual interest to offset margin deficiencies. This would create capital efficiencies for FCMs while at the same time providing greater protection to clients in the event of an FCM failure that does involve a default to an exchange, as was the case with MF Global's demise. We believe that FCM's contributions to guaranty funds are extremely capital inefficient and currently lack the regulatory safeguards needed to ensure that those funds can be used to protect customers when an insolvency occurs without a default at the exchange level.

IV. Public disclosure of an FCM's target residual interest would pose potential risks to FCMs, their customers, and the markets.

Under the proposed amendments to Rule 1.10, FCMs would be required to report their target residual interest in the Segregation Schedule, Secured Amounts Schedule, and Cleared Swap Segregation Schedule (collectively, the "Schedules") of their monthly unaudited financial report on Form 1-FR-FCM (or on the monthly Focus Report for dual registrants). The data in these reports is public information. Amended Rule 1.10 would also require FCMs to notify the CFTC and their respective designated self regulatory organization ("DSRO") each time they fall below their target residual interest.

RJO generally supports the requirement to set target residual interest for each account type and to report to the CFTC when residual interest falls below the target as these notifications may help the CFTC assess the potential risk of a firm becoming insolvent and enhance the Commission's ability to protect customer funds. However, for the reasons stated below, we believe that target residual interest can be misleading and misinterpreted if not viewed in the proper context and, therefore, should not be publicly disclosed.

There is a substantial risk that the public will misinterpret an FCM's target residual interest amount by itself to be a leading indicator of financial strength that is readily comparable between firms. Rather, under proposed Rule 1.11, FCMs are required to consider a multitude of factors when setting their target residual interest, including but not limited to, the proprietary trading activities of the firm, the creditworthiness of the firm's customer base, the firm's own liquidity and capital needs, and the products traded by the firm's customer base. By detailing the many factors that FCMs must consider when setting a target amount, the CFTC clearly recognizes that the appropriate amount of residual interest is very specific to the characteristics of a particular firm. However, the public will only see the target residual interest amount without

realizing and comprehending the many factors that have impacted a particular firm's determination of its target. Customers and their advisers are likely to overweigh the importance of a firm's target residual interest amount and what that figure means. A firm such as RJO, which does not engage in proprietary trading and routinely keeps excess client funds in segregation equivalent to twice the amount required, will very likely require a significantly lower target residual interest than a firm that engages heavily in proprietary trading and does not keep excess client funds in segregation.

Knowing that the public may misperceive the importance of a firm's target residual interest amount, FCMs may be incentivized to set artificially high targets in an effort to attract customers. Small and medium-sized firms may be driven from the market as customers flee to those firms that have the capability to set what appears, superficially, to be a high target residual amount. In fact, customer funds may not be less secure because of the other characteristics of the FCM.

In light of the issues detailed above, we respectfully submit that target residual interest should not be publicly disclosed. The public has access to actual residual interest amounts for each FCM and should use such data as a part of a comprehensive due diligence review. Disclosure of target residual interest will not be of substantial benefit to customers without their having knowledge of the total array of factors that led a firm to the determination of its target amount. If target residual interest is to be reported publicly, the CFTC should take steps to ensure that it has comprehensive disclosures regarding the meaning of target residual interest and the many factors that are considered by firms in setting their target. It is imperative that the CFTC also prominently disclose the fact that a higher target is not necessarily indicative of the safety of customer funds.

V. The formula for calculating "leverage" for FCMs is deeply flawed. The CFTC should not require firms to calculate and disclose leverage until a ratio is developed that reasonably reflects an FCM's capital efficiency and risks.

The CFTC proposes to add a new requirement in Rule 1.10(b)(5) to require each FCM to file with the Commission on a monthly basis its balance sheet leverage ratio and to discuss its leverage in the Firm Specific Disclosure Document under Rule 1.55(k)(5). The CFTC states that it "views leverage information as an important element in assessing the financial condition of an FCM as a high degree of balance sheet leverage may indicate that the firm does not have the capital to support its investment decisions, particularly if such investments lose a significant amount of their value in a short period of time or require substantial margin payments or other payments to support." The CFTC also notes that FCM leverage information is already filed with the NFA and therefore this requirement should not have any significant impact on FCMs.

RJO is strongly opposed to the formula that the CFTC proposes for purposes of calculating leverage (i.e. total assets (less government securities)/total capital stock). Indeed, this

is the same definition of leverage that is currently set forth in NFA Financial Requirements Section 16. We believe that this leverage formula penalizes FCM-only firms that do not engage in proprietary trading for holding cash and requiring excess margin from customers and does not properly take into account the risks associated with a BD/FCM's securities business and proprietary trading activities. We also note that BD/FCMs report the combined capital of their BD and FCM business, which can also skew the leverage data for such firms.

In fact, we understand that the NFA has already collected and analyzed data under this leverage definition and an alternative method that utilizes the above calculation but subtracts segregated funds, secured amounts, cleared swaps customer collateral funds and, if applicable, the firm's broker/dealer reserve requirement. We further understand that the NFA has concluded that these leverage methodologies do not provide a meaningful leverage metric and produce disparate results between BD/FCMs and FCMs-only and between those firms that engage in proprietary trading and those that do not.

As a simple example of the problem with the CFTC's proposed leverage definition, please consider two firms with \$300 million in capital. Firm A is a BD/FCM that engages in proprietary trading with a \$3 billion securities lending portfolio of U.S Treasuries (3-5 years in duration) and \$1 billion in cash held in trust deposits. Firm B is an FCM-only entity that does not engage in proprietary trading and holds \$800 million in U.S. Treasury-based reverse repurchase agreements on an overnight basis re-priced daily, with the rest of the portfolio held in cash in trust deposits. Under the CFTC's and NFA's leverage ratio, Firm A would have a ratio of 3.33 and Firm B would have a leverage ratio of 10.67. This might lead the CFTC (and the public, if the ratio is disclosed in Disclosure Documents under Rule 1.55(k)(5)) to believe that Firm A is less risky. However, if interest rates began to rise, Firm A would begin to immediately take capital charges for the mark-to-market losses on the securities portfolio as well as incur liquidity strains on the difference between the current value of their portfolio and the financing proceeds. Firm A's capital base would be reduced, dollar-for-dollar, if the portfolio is sold at a loss. For perspective, a 5 year portfolio would incur a \$50 million loss if interest rates moved from 0.85% to 1.20%. On the other hand, Firm B has no exposure to mark-to-market gains or losses. Suppose that Firm B's 100,000 clients were collectively on call for \$50 million. All 100,000 clients would have to default simultaneously for Firm B to incur a \$50 million loss. Additionally, Firm B would still have the maintenance margin of their clients as further protection. This is merely one example of how difficult it can be to create a single metric that meaningfully affords customer the capability to determine the safest FCM to open or hold an account with.

We certainly understand the Commission's desire to provide transparency to prospective clients on the potential risks associated with selecting a particular FCM. However, we strongly believe that the current leverage calculation formula is flawed. We also believe that current SEC

and FINRA leverage ratios should not be applied to FCMs because results would also be very inconsistent when comparing a BD/FCM against an agency-model FCM. If a leverage calculation is desirable for simplicity, we recommend that the CFTC work with the NFA to develop leverage calculation methodologies that address the issues described above. Furthermore, we recommend that the CFTC not require or permit public disclosure of FCM leverage ratios under the current methodology as this would be a great disservice to customers and others who would be misled as to risk by the leverage data, which is wholly inconsistent with the stated goals of the Proposed Rules.

VI. Requiring FCMs to create a separate risk management program unit is not operationally or financially practical nor is it necessary for many firms to effectively manage risk. An extended compliance period should be afforded because of the complexity involved in designing and implementing the requisite policies and procedures.

RJO strongly supports the CFTC's efforts in Proposed Rule 1.11 to implement robust risk management programs at FCMs, particularly with respect to risk management related to the risks associated with safekeeping and segregation of customer funds. However, we are concerned that the blanket requirement that each firm establish a risk management unit that is independent from the business unit to administer the program needlessly increases the costs of compliance for most firms without producing significant benefits.

While we understand the rationale for the proposal to require an independent risk management function, we believe that the CFTC should recognize that small and medium-sized firms may not have the personnel and resources necessary to create a designated risk management unit that is separate from the business unit as defined in the Proposed Rules. The CFTC should instead permit certain supervisors that may have some connection to the "business unit" to be part of the risk management program. Many supervisors at small and medium-sized FCMs have the knowledge and expertise that can be essential to maintain a strong risk management program at their firms. However, these same supervisors may also have a supervisory role with respect to some activities that may be considered part of the "business unit". To ensure that such persons are not necessarily excluded from assisting their firms in implementing and maintaining a strong risk management program, we propose that supervisors of business unit personnel should be permitted to be part of the risk management program unit provided that such persons are not compensated in connection with soliciting or accepting orders for the purchase or sale of any commodity interest. Allowing such supervisors, who often have experience and expertise in risk management, will serve to enhance FCM risk management programs.

If the final rules do require an independent risk management program unit that is separate from the business unit, we suggest that the CFTC amend proposed Paragraph (b)(1)(iii) of Rule 1.11 to read as follows:

(iii) Any personnel exercising direct supervisory authority of the performance of the activities described in paragraph (b)(1)(i) or (ii) of this section *unless such personnel are not compensated in connection with soliciting or accepting orders for the purchase or sale of any commodity interest or handling or overseeing the custody of segregated funds other than for risk management purposes.*

We also urge the CFTC to provide a period of time of not less than one year from promulgation of the relevant final rules for FCMs to implement any prescribed risk management programs. The new requirements will likely necessitate reorganization, policies and procedures development and implementation, personnel acquisitions, and extensive employee training.

VII. The CFTC needs to clearly define the term “creditworthiness” in the proposed new early warning notice requirements so that FCMs can adequately assess their reporting responsibilities. Early warning notices should not be made publicly available.

RJO generally supports the CFTC’s proposal to amend Rule 1.12 to add certain new reportable events. We believe that many of the new early warning notice requirements could assist the CFTC in identifying potential adverse financial conditions at an FCM. However, we believe that the issues discussed below should be addressed before any final rulemaking is promulgated.

Proposed amended Rule 1.12(k) would require an FCM to provide notice in the event of a material adverse impact to its “creditworthiness or its ability to fund its obligations”. The term “creditworthiness” is ambiguous and subjective and needs to be more clearly defined to afford FCMs the ability to reasonably ascertain their reporting duties and obligations. In its requests for comments, the CFTC asks whether any of the proposed reportable events should be made public. RJO strongly believes that making reportable events publicly available would have negative consequences for the markets, FCMs, and the CFTC.

Any reportable event made public could, whether warranted or not, cause panic in the markets and amongst customers and result in “runs on the bank” at FCMs. Such market panics can greatly impede the CFTC’s ability to respond effectively and may create much greater risks to customer funds than the actual event(s) reported. In turn, FCMs may be incentivized to decide against reporting in situations where the duty to report is not entirely clear. The markets are served better by having early warning notices sent only to the CFTC and DSROs, who are better situated to rapidly investigate the situation at an FCM and determine what, if any, immediate action is required under the circumstances.

VIII. The proposed limitation on holding the foreign futures or foreign options secured amount outside of the United States severely limits an FCM's ability to maintain sufficient funding requirements at exchanges or brokers where clients are trading.

RJO supports the FIA's proposal with respect to Rule 30.7(c). We agree that the proposed amendment to Rule 30.7 should be revised to permit an FCM to hold funds comprising the foreign futures and foreign options secured amount in depositories outside the U.S. to the same extent that an FCM may hold customer segregated funds and cleared swaps customer funds outside of the U.S. The 10% limitation should apply only to funds deposited with a foreign broker or foreign clearing organization.

IX. The concerns expressed by banks serving FCMs and DCOS regarding the template acknowledgment letters should be addressed when final rulemaking is promulgated.

We have had an opportunity to review the comments of BMO Harris Bank and other depositories concerning certain provisions of the proposed templates such as: (i) standard of liability; (ii) permitted liens and offsets; (iii) immediate release of funds; and (iv) real-time access to information. RJO agrees with the concerns expressed and recommendations in their comments.

X. RJO joins Newedge USA, LLC ("Newedge") in expressing its endorsement of certain CFTC proposals to which the FIA and/or other FCMs have taken a different perspective.

RJO agrees with the comments submitted by Newedge in regards to the contention of some FCMs that are publicly traded that they should be able to meet many of their duties and obligations under proposed Rule 1.55(i) and (j) by quoting from their annual reports or providing a link to their annual report. This stance seems contrary to the intent of the CFTC's proposed rule, which is meant to provide meaningful disclosure to customers of certain information that would be material to the customer's decision to do business with an FCM, and places firms without annual report preparation requirements at a competitive disadvantage.

RJO also strongly supports Newedge's comments in connection with the CFTC's proposal Rule 1.55(k)(10) to require FCMs to disclose the dollar value of the FCM's proprietary margin requirements as a percentage of the aggregate margin requirement for futures customers, cleared swap customers and 30.7 customers. RJO also believes that it is important that customers be aware not only of whether an FCM engages in proprietary trading, but the nature and extent of that trading. Customers deserve to know whether the capital of their FCM may be at risk to support proprietary activities of that firm and to understand the nature of such activities.

We appreciate the opportunity to provide our comments and recommendations on the Proposed Rules and appreciate your consideration of our positions. We again reiterate our suggestion that the CFTC conduct a thorough cost-benefit analysis that carefully considers the potential negative consequences of the Proposed Rules to customers (particularly those in the agricultural community) and to the small and medium-sized FCMs that serve these customers before implementing new regulations that could dramatically alter the nature and integrity of the futures markets.

Sincerely,

A handwritten signature in black ink, appearing to read "G. F. Corcoran", with a long, sweeping flourish extending to the right.

Gerald F. Corcoran

Chief Executive Officer

R.J. O'Brien & Associates, LLC