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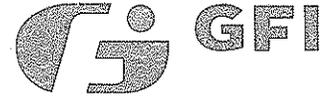
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July 12, 2011

**VIA ELECTRONIC SUBMISSION ([www.sec.gov](http://www.sec.gov))**

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0609

**Re: Registration and Regulation of Security-Based Swap Execution Facilities  
File No. S7-06-11; RIN 3235-AK93/ Regulation SBSR – Reporting and  
Dissemination of Security-Based Swap Information; File No. S7-34-10; RIN 3235-  
AK80**

Dear Ms. Murphy:

GFI Group Inc. (“GFI”)<sup>1</sup> submits this letter in connection with the rules being proposed by the Securities and Exchange Commission (the “Commission”) regarding the dissemination of transaction data for security-based swaps. GFI believes that proposed Rules 902(d) and 817(c) (together, the “Proposed Rules”) will interfere with the ability of security-based swap execution facilities (“SB SEFs”) to provide meaningful post-trade transparency to their participants, thus making it difficult to achieve the goal of promoting transparency in the market for security-based swaps. Thus, as discussed below, GFI believes that the Commission should revise the Proposed Rules to permit SB SEFs to disseminate transaction data to their participants at the same that they make such data available to a registered security-based swap data repository (an “SBSDR”).

GFI or one of its subsidiaries intends to operate an SB SEF that will be registered as such with the Commission. GFI is concerned that the Proposed Rules would preclude SB SEFs from disseminating transaction data to their participants on a real-time basis. In particular, proposed

<sup>1</sup> GFI and its affiliates provide competitive wholesale market brokerage services in a multitude of global over-the-counter (“OTC”) and exchange-listed cash and derivatives markets for credit, fixed income, equity, financial, and commodity products. GFI’s parent company makes its headquarters in New York and employs more than 1,700 people, with additional offices in London, Paris, Hong Kong, Seoul, Tokyo, Singapore, Sydney, Cape Town, Dubai, Tel Aviv, Dublin, Calgary, Englewood, New Jersey, and Sugar Land, Texas. GFI and its affiliates provide services and products to over 2,400 institutional clients, including leading banks, corporations, insurance companies, and hedge funds.

Rule 902(d) provides registered SBSDRs with limited “exclusivity” rights regarding the dissemination of transaction data relating to security-based swaps by prohibiting any person, including an SB SEF, from making such data available to one or more persons (other than a counterparty) before the earlier of: (x) the time that the SBSDR publicly disseminates such information; or (y) fifteen minutes after the time of execution of a transaction. In addition, proposed Rule 817(c) provides that an SB SEF may not make any information regarding a security-based swap transaction publicly available prior to the time that an SBSDR is permitted to do so under proposed Rule 902. Thus, the Proposed Rules would effectively require SB SEFs to artificially delay the delivery of transaction data to their participants in order to synchronize the delivery of such data with the dissemination of such data by an SBSDR.<sup>2</sup>

GFI notes that the Securities Exchange Act of 1934, as amended (the “Exchange Act”),<sup>3</sup> does not appear to require the Commission to provide SBSDRs with the exclusivity rights noted above. Further, GFI believes it is inappropriate for the Commission to preclude SB SEFs from independently disseminating market data to their participants when other market centers that are regulated by the Commission are permitted to do so. For example, the Commission has made it clear that national securities exchanges may independently distribute data relating to transactions in equity securities to their members so long as they simultaneously make such data available to network processors.<sup>4</sup> The Commission similarly permits the options exchanges to independently distribute transaction data to their members so long as they simultaneously provide such data to the Options Price Reporting Authority (“OPRA”).<sup>5</sup>

The Commission has previously noted that SB SEFs will improve competition and transparency in the security-based swap markets by serving as a conduit for information relating to trading interest for security-based swaps.<sup>6</sup> While GFI agrees with this statement, GFI believes that the Proposed Rules would serve as an impediment to the achievement of this objective. As the Commission is aware, the value of market information depends, in substantive part, on the timeliness of such information. Market participants need real-time information in order to accurately assess the current state of the market and to make informed trading decisions. By requiring SB SEFs to artificially delay the reporting of transaction data to their participants, the

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<sup>2</sup> Proposed Rule 902 provides generally that a registered SBSDR must publicly disseminate transaction reports relating to security-based swap transactions immediately upon receipt of the relevant transaction information from the reporting party. Under proposed Rule 901, however, the reporting party for a security-based swap transaction that is executed on an SB SEF would be required to be one of the counterparties to the transaction, and not the SB SEF itself. Thus, an SB SEF would be required to wait until the reporting party reports a security-based swap transaction to an SBSDR before an SB SEF could disseminate data regarding such transaction to its participants.

<sup>3</sup> All references herein to the Exchange Act are to the Exchange Act as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

<sup>4</sup> See 70 Fed. Reg. 37496, 37567 (June 29, 2005).

<sup>5</sup> See 66 Fed. Reg. 39218 (July 27, 2001).

<sup>6</sup> See 76 Fed. Reg. 10948, 10949 (February 29, 2011).

Proposed Rules may inadvertently negate the transparency benefits that SB SEFs are intended to provide.

GFI also believes that the Proposed Rules would make it difficult for SB SEFs to offer trading mechanisms that are designed to foster liquidity in the security-based swap markets. For example, SB SEFs may offer “work-up” or “join the trade” functionality to their participants to facilitate the execution of large-size transactions without incurring the costs associated with either displaying a large limit order on the SB SEF’s order book or executing these transactions in a series of smaller transactions. A typical workup transaction begins when two market participants agree to transact at a certain price and quantity. The transaction does not necessarily end there, however, and the two participants then have the opportunity to transact further volume at the already-established price. Thereafter, other market participants may join the trade and transact with either the original counterparties to the trade or with other firms if they agree to trade further volume at the established price. In order to induce other market participants to do so, the SB SEF must be permitted to disseminate the price of the original transaction to its participants without delay. The Proposed Rules will impede an SB SEF’s ability to do so.

Based on the foregoing, GFI believes that the Commission should revise the Proposed Rules to permit SB SEFs to disseminate transaction data to their participants at the same that they make such data available to an SBSDR.<sup>7</sup> As noted above, this practice is currently permissible in the equity and options markets, and nothing in the Exchange Act indicates that Congress intended to favor these markets over the markets for security-based swaps with respect to this subject.<sup>8</sup> In the absence of such a change, GFI believes that the Proposed Rules would impose a burden on market participants that is neither necessary nor appropriate under the Exchange Act.

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GFI appreciates the opportunity to submit these comments on the transaction data dissemination requirements that would apply to SB SEFs. If the Commission has any questions

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<sup>7</sup> As noted above, proposed Rule 901 provides that the reporting party for a security-based swap transaction that is executed on an SB SEF will be one of the counterparties to the transaction, and not the SB SEF itself. However, we do not believe that this would preclude an SB SEF from voluntarily making this information available to an SBSDR.

<sup>8</sup> In the equity and options markets, the Consolidated Tape Association and OPRA act as exclusive securities information processors and publicly disseminate on a consolidated basis data relating to transactions that are effected on multiple exchanges. Further, the Exchange Act treats these exclusive securities information processors as both monopolists and public utilities. As such, they are required to make their services available on reasonable and nondiscriminatory terms and refrain from setting unreasonable charges. By contrast, the Exchange Act does not appear to require the SBSDRs to provide a consolidated tape for all security-based swap transactions that occur on SB SEFs, and does not appear to treat SBSDRs as public utilities. GFI is aware of no reason why this structural difference should preclude the Commission from permitting SB SEFs to disseminate transaction data to their market participants on a real-time basis so long as they simultaneously make the same information available to the SBSDRs.

concerning the matters discussed in this letter, please contact me at (212) 968-2954, or Daniel E. Glatter, Assistant General Counsel, at (212) 968-2982.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Pintoff". The signature is fluid and cursive, with a long horizontal stroke at the end.

Scott Pintoff  
General Counsel

cc: Honorable Mary L. Shapiro  
Honorable Kathleen L. Casey  
Honorable Elisse B. Walter  
Honorable Luis A. Aguilar  
Honorable Troy A. Parades