

# Central Labor Council AFL-CIO

1125 KANSAS AVENUE • MODESTO, CALIFORNIA 95351  
PHONE (209) 523-8079 • FAX (209) 523-2619

RAELENE BROWN  
Secretary-Treasurer

GILBERT GONZALEZ  
President

Securities and Exchange Commission  
Attention: Elizabeth M. Murphy, Secretary  
100 F St., NE, Washington, DC 20549-1090.

Re: File Number S7-27-10.

Dear Chairwoman Mary Shapiro,

You have a great opportunity before you, to protect Americans from future power grabs by big banks. HR4173 was passed this year in Congress in order to bring stability and accountability to future financial markets, particularly in the derivatives market.

This bill requires derivative exchanges to go through a clearinghouse – acting as independent agencies – in order to foster more transparency and stability in the market, including for credit and mortgage default swaps. This bill is a direct result of the lack of transparency big banks took advantage of in boom years and eventually contributed to the recession.

Because of big banks recent irresponsibility, we must ensure clearinghouses cannot be manipulated and unfairly influenced by them.

Currently before you are two rules that affect the ownership of these clearinghouses: the 20/40 Rule and the 5% Rule. While the 20/40 Rule limits big banks to no more than 40% ownership of a clearinghouse, the 5% Rule sets no limit. The lack of a limit then allows for future abuses of power by big banks, by allowing them to own majorities of the very institutions regulating their exchanges.

Big banks have demonstrated they cannot be left to their own devices and as a result we must safeguard the independence of the clearinghouses established. I urge you to uphold the intent of the legislation and protect Americans from future abuses by supporting the 20/40 Rule and removing the 5% Rule from consideration.

Thank you,



Raelene Brown

Secretary-Treasurer

cc: California Congressional Delegation

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President

Commodity Futures Trading Commission  
Three Lafayette Centre  
115521st Street NW  
Washington, DC 20581

Re: RIN 3038-AD01

Chairman Gensler,

You have a great opportunity before you, to protect Americans from future power grabs by big banks. HR4173 was passed this year in Congress in order to bring stability and accountability to future financial markets, particularly in the derivatives market.

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Because of big banks recent irresponsibility, we must ensure clearinghouses cannot be manipulated and unfairly influenced by them.

Currently before you are two rules that affect the ownership of these clearinghouses: the 20/40 Rule and the 5% Rule. While the 20/40 Rule limits big banks to no more than 40% ownership of a clearinghouse, the 5% Rule sets no limit. The lack of a limit then allows for future abuses of power by big banks, by allowing them to own majorities of the very institutions regulating their exchanges.

Big banks have demonstrated they cannot be left to their own devices and as a result we must safeguard the independence of the clearinghouses established. I urge you to uphold the intent of the legislation and protect Americans from future abuses by supporting the 20/40 Rule and removing the 5% Rule from consideration.

Thank you,



Raelene Brown

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