

San Mateo County
Central Labor Council



1153 Chess Drive, Suite 200
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(650) 572-8848
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November 9, 2010

AFL-CIO

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

Re: RIN 3038-AD01

Chairman Gensler,

As our country begins its economic recovery from the recession, we must ensure mistakes of the past will not be repeated. Congress passed HR4173 in order to help prevent such mistakes.

HR4173 is intended to bring stability and transparency to the derivative market by having such exchanges go through a clearinghouse. These clearinghouses are intended to be independent reviewers of these transactions, including credit and mortgage swaps.

There are two funding options being considered by your commission for these clearinghouses. One option, the 20/40 Rule, would limit the influence of big banks to an aggregate ownership of less than 40%. The second rule, the 5% Rule, fails to limit the total percentage of a clearinghouse that banks can collectively own. The 5% Rule stands as a loophole to the legislation's intent of creating an independent clearinghouse. With no restrictions, a group of banks could hold a controlling interest in a clearinghouse. At that point, the independence of the clearinghouse comes into question.

I urge you to prevent the loophole the 5% Rule would create. Please help to remove this rule from consideration and support the 20/40 Rule, which helps prevent abuses in the derivatives market by these big banks.

Sincerely,

Shelley Kessler,

Executive Secretary-Treasurer

cc: California Congressional Delegation

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AFL-CIO

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 Shapiro,

As our country begins its economic recovery from the recession, we must ensure mistakes of the past will not be repeated. Congress passed HR4173 in order to help prevent such mistakes.

HR4173 is intended to bring stability and transparency to the derivative market by having such exchanges go through a clearinghouse. These clearinghouses are intended to be independent reviewers of these transactions, including credit and mortgage swaps.

There are two funding options being considered by your commission for these clearinghouses. One option, the 20/40 Rule, would limit the influence of big banks to an aggregate ownership of less than 40%. The second rule, the 5% Rule, fails to limit the total percentage of a clearinghouse that banks can collectively own. The 5% Rule stands as a loophole to the legislation's intent of creating an independent clearinghouse. With no restrictions, a group of banks could hold a controlling interest in a clearinghouse. At that point, the independence of the clearinghouse comes into question.

I urge you to prevent the loophole the 5% Rule would create. Please help to remove this rule from consideration and support the 20/40 Rule, which helps prevent abuses in the derivatives market by these big banks.

Thank you,

Shelley Kessler,

Executive Secretary-Treasurer

cc: California Congressional Delegation