Central Labor Council of
Fresno, Madera, Tulare & Kings Counties
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November 15, 2010

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

Re: File Number S7-27-10.

Chairwoman Mary Shapiro,

Wall Street reform touches Americans of every generation, and to safeguard the future we must make sure that proper measures are taken stabilize our economy. The derivatives market has been particularly unsteady, and in response the legislation mandated that trades in that market must go through clearinghouses. But if proper measures are not taken to make sure that the integrity of these clearinghouses is maintained, these efforts will not achieve the desired change.

One of the things that must be done is the removal of the proposed 5% Rule. This rule is an alternative to the 20/40 Rule, which prevent an individual entity from owning more than 20% of a clearinghouse and sets a cap at 40% for the combined shares that can be held by banks whose assets exceed $50 billion. The 5% Rule fails to establish a limit for the combined shares that those banks can hold, meaning that they could work together to have a total combined share of ownership greater than 50%, and even as high as a 100% of a given clearinghouse. The 20/40 Rule prevented such arrangements because if banks held majority or even total interest, they would be regulating themselves. This would put us in the same position we were before the Wall Street reform bill was passed.

If we are going to achieve meaningful reforms on Wall Street we need to make sure that these measures change the way things were, because the way things were didn't work. Clearinghouses are intended to bring balance to the derivatives market, but if they are controlled by the banks, nothing changes. For this reason, I encourage you to implement the 20/40 Rule, but not the 5% Rule.

Thank you,

Randy L. Ghan
Exec. Sec. Treas.

cc: California Congressional Delegation

3485 W. Shaw Ave., Suite 101 • Fresno, California 93711 • (559) 275-1151 • Fax (559) 276-2150 • I.D. 744646

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