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October 5, 2011

Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

**Re: Release No. IC-29776; File No. S7-33-11**
**Use of Derivatives by Investment Companies Under the Investment Company Act of 1940**

Dear Ms. Murphy:

LiquidPoint, LLC (**"LiquidPoint"**)[1] appreciates the opportunity to comment on the above referenced Concept Release, in which the Commission explores the benefits, risks and costs associated with use of derivatives by Investment Companies (collectively, **"funds"**). Though the benefits of all derivatives are similar, including reduced costs, LiquidPoint wishes to emphasize how the risks are mitigated within the listed-option industry, relative to the market for swaps and other OTC derivatives.

The provisions of the Investment Company Act (the **"Act"**) did not specifically contemplate derivatives, but all derivatives have the potential to impact the intended safe-guards in the Act regarding leverage, diversification, and portfolio concentration. To address the impact derivatives have on these safe-guards, the focus needs to be on determining consistent valuation(s). Certain other risks associated with **"exposure to securities**-related issuers" addressed in the Act are generally market structure concerns.

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[1] LiquidPoint, a wholly owned subsidiary of ConvergEx Group, LLC, specializes in providing derivatives technology and execution solutions for U.S. listed options traders, including institutional customers and other broker-dealers. LiquidPoint provides electronic direct market access to every U.S. options exchange, as well as advanced trading capabilities that include order execution, order management, order routing and optimization, quality assurance review, and a variety of reporting and books and records capabilities. ConvergEx Group is a leading provider of mission critical software and technology-enabled services to asset managers and financial intermediaries globally. Through our two business segments – Investment Technologies and Investment Services - -we offer an extensive array of technology solutions that support increased sophistication and operational efficiency to help drive growth, address changing regulation and compliance requirements and achieve performance goals.

The arcane language of the Act regarding exposure to securities-related issuers tends to obscure the intent to protect fund investors from 1) lack of liquidity 2) counter-party risk and 3) collusion between a fund and a security issuer. As chiefly market structure risks, they are dependent upon on the nature of the creation and distribution of the derivative. It is important to recognize that listed-options with readily available valuation from competitive markets have significantly mitigated these risks through the single counter-party clearing of the Options Clearing Corporation ("OCC") and the collateral requirements placed upon OCC members. As such, the concerns regarding "exposure to securities-related issuers" in the Act for listed-options are generally immaterial.

Determining the degree of leverage, diversification and portfolio concentration is largely dependent upon whether or not competitive market valuations are readily available. With the listed-option contract, market prices are available. The relationship of even the most complicated listed-option position to the underlying product is routinely calculated using various mathematical models. While reasonable people may debate the best model or the nature of certain inputs for the calculation, the listed-option contract allows for a consistent valuation with disclosed methodology. Without a market valuation, a unique assessment of value for each derivative security contract is required. Even with a fully disclosed methodology, a unique assessment will not likely provide the consistent valuation of calculations based upon competitive market prices. A consistent valuation of derivative positions should be the goal when determining the degree of leverage, diversification and portfolio concentration of a fund.

The Investment Company Act of 1940 provides safeguards for investors in "funds". The use of derivatives provides many benefits, including efficient access to market exposure and hedging various risks, as the fund pursues its stated goals. The risks associated with the use of derivatives result from two related considerations: the nature of the creation and distribution of the derivative (i.e. market structure) and approaches to consistent valuation. The listed-option markets with centralized, single counter-party clearing and competitive market valuation address the basic investor safe-guards in the Act. The demand for the benefits provided by complex OTC derivatives is undeniable, but funds that use derivatives and the Commission should recognize the advantages the listed-option model provides to fund investors.

Sincerely,

Anthony J. Saliba
Chief Executive Officer
LiquidPoint, LLC