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December 21, 2010

Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

GETCO

Re: Fixed Income Clearing Corporation (FICC) Proposed Rule Change to Introduce Cross-Margining of Certain Positions Cleared at FICC and Certain Positions Cleared at New York Portfolio Clearing, LLC (SR-FICC-2010-09)

Dear Ms. Murphy:

Global Electronic Trading Company ("GETCO") appreciates the opportunity to comment on FICC's proposal to offer cross-margining of certain positions cleared at its Government Securities Division ("GSD") and certain positions cleared at New York Portfolio Clearing, LLC ("NYPC") and to make certain other related changes to GSD's rules.[1]

NYPC has applied for registration with the Commodity Futures Trading Commission ("CFTC") as a derivatives clearing organization ("DCO").[2] Upon registration as a DCO, NYPC proposes initially to clear U.S. dollar-denominated interest rate futures contracts. The proposed rule change would allow certain GSD Members to combine their positions at the GSD with their positions or those

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1 Notice of Filing of a Proposed Rule Change to Introduce Cross-Margining of Certain Positions at the Fixed Income Clearing Corporation and Certain Positions at New York Portfolio Clearing, LLC, Securities Exchange Act Release No. 63361 (November 23, 2010), 75 FR 74110 (November 30, 2010).

2 Application of New York Portfolio Clearing for Registration as a Derivatives Clearing Organization (Filing Number: IF10-009). FICC would not implement the proposed rule change until NYPC obtains such registration.

of certain permitted affiliates cleared at NYPC, within a single margin portfolio ("Margin Portfolio").

GETCO welcomes the introduction of the unique cross-margining program between futures and related cash instruments proposed by FICC. Properly managed, FICC's cross-margining program will reduce risk exposures for market participants, allow for more efficient use of capital, and improve transparency of risk across asset classes.

I. Introduction

GETCO

GETCO is a leading electronic trading and technology firm providing liquidity on over 50 markets in North and South America, Europe, and Asia. We are a registered market maker on various equity and option exchanges and a Designated Market Maker (DMM) and Supplemental Liquidity Provider (SLP) on the New York Stock Exchange ("NYSE").[3] From offices in Chicago, New York, London, and Singapore, the firm transacts business in cash and futures products across four asset classes – equities, fixed income, currencies and commodities. We also provide investors with access to dedicated liquidity through an Alternative Trading System ("ATS"), GETCO Execution Services, or GES. GETCO's primary trading strategy is market making—posting two sided markets—to help investors efficiently transfer the risk commonly associated with assets such as stocks, bonds, commodities and options contracts. Our trading strategies employ advanced technology, real time information, transparent risk management systems and continuous innovation.

II. Discussion

A. Cross-Margining and Risk Management

FICC proposes to change its rules to accommodate a cross-margining arrangement with NYPC. Under the cross-margining arrangement, NYPC and FICC could permit a clearing member of FICC, or affiliate of such clearing member, that is also an NYPC clearing member ("Joint Clearing Member") to have its margin requirement for positions in its proprietary account at NYPC and FICC calculated by taking into consideration the net risk of positions in those accounts.

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3 Registered Equity Market Maker: Nasdaq, NYSE Arca, and BATS; Designated Market Maker and Supplemental Liquidity Provider: NYSE; Registered Option Market Maker: Chicago Board Options Exchange, Nasdaq Options Market, BATS Options, and NYSE Arca Options.

GETCO believes that FICC's cross-margining of futures and fixed income instruments will encourage the clearing of more interest rate instruments by offering Joint Clearing Members an efficiency that is not currently available. One of the goals of the Dodd-Frank Act is for a greater proportion of financial instruments to be centrally cleared. By offering enhanced capital efficiency through "single pot" margining of cash and futures positions, the cross-margining arrangement between FICC and NYPC will encourage market participants to use centrally cleared instruments, thereby reducing overall risk.

FICC will employ the Value at Risk (VaR) methodology for setting margin. GETCO believes that VaR is a well-understood risk modeling technique that a significant number of financial institutions currently use. While the cross-margining arrangement proposed by FICC would deliver market efficiencies, it would not do so at the expense of compromising the stability and soundness of the clearinghouse. Instead, the proposed cross-margining arrangement would create unprecedented transparency of risks across asset classes, which would allow the clearinghouses and regulators to better monitor and mitigate risk concentrations.

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B. Competition

NYPC represents the efforts of two leading industry participants, NYSE Euronext and DTCC. While we understand that promoting competition in the US futures markets is not the mission of the Commission, we ask that the Commission nevertheless be mindful of the impact that its delay in approving the FICC proposal would have on competition in the futures market.

Unlike other futures clearing platforms, NYPC will allow designated contract markets that compete with its affiliated contract market, NYSE Liffe US, to use its clearing services, including the cross-margining program with FICC. NYPC's "open access" clearing model will allow multiple exchanges to compete. Such an "open access" approach is consistent with the Dodd-Frank Act, which requires DCO participation requirements to, among other things, permit fair and open access. Such open access would also allow greater competition among designated contract markets, which would result in lower trading fees and tighter spreads.

III. Conclusion

GETCO appreciates the opportunity to submit these comments. Please do not hesitate to contact us at (312) 931-2200 if you have questions regarding any of the comments provided in this letter.

Sincerely,

John A. McCarthy
General Counsel

GETCO