

secretary

From: barry.bell@sbcglobal.net  
Sent: Sunday, July 09, 2006 2:00 PM  
To: secretary  
Subject: Public Comment Form

06-4  
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Below is the result of your feedback form. It was submitted by  
(barry.bell@sbcglobal.net) on Sunday, July 09, 2006 at 13:59:37

commenter\_subject: Proposed Board Composition

commenter\_frdate: 7/07/06

COMMENT

commenter\_frpage: 38745

commenter\_comments: In discussing the issue of defining a "Public Director" for the SRO Oversight Board as proposed, I have no issue with requiring 50% of the Directors meet proposed non-affiliated requirements. What I find perplexing is that I do not see any requirement for minimum expertise or educational requirements. I have been involved in many corporate board meetings with "outside directors". Based on my expertise, I saw the decline of the S&L Business primarily because the outside Directors were not required to have any real familiarity with financial markets. As an example, I really do not care if a director is successful at running a major trucking firm. Given the complexity of modern financial markets, why does the proposed regulatory change not mandate a minimum set of background requirements. I think I saw that comments from Nymnex representatives may have touched on this. While it may be true that outside directors may appear to offer some insulation from conflicts of interest, any lack of related expertise does not provide me with any level of comfort that complex issues will be dealt with capably by the "Public Directors".

I strongly urge you to consider some minimal requirements that any such "Public Director" meet minimal educational and work-experience related standards in addition to non-affiliated standards suggested. Further, I believe that the minimum of one year of non-affiliated transactions test is insufficient. It should be for a longer term.

In summary, If you are going to impose additional protections for the public, let's at least eliminate adding directors that obtain appointments simply because they are friends, serial Board members, or from totally unrelated businesses. I have seen firsthand the ease with which directors, regardless of how successful they may be at their own businesses, can be influenced by the internal directors on complex issues. Otherwise, I view this requirement of 50% outside composition as just so much window dressing with the potential for misdirected decisions. I use this term as the entire proposed changes are based on the presumption that without the changes, the public "may" suffer

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from "possible" conflicts of interest". The ultimate conflict of interest for the public is to have 50% of a Board composed of members without sufficient and specific credentials that enable them to make informed decisions without reliance upon interpretations by management/internal directors.

Thanks for the opportunity to comment.

Barry Bell

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