

# MGEX

MINNEAPOLIS GRAIN EXCHANGE

August 17, 2009

Mr. David Stawick, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

SUBJECT: Account Ownership and Control Report

Dear Mr. Stawick:

The Minneapolis Grain Exchange ("MGEX" or "Exchange") would like to thank the Commodity Futures Trading Commission ("CFTC" or "Commission") for this opportunity to respond to the Commission's request for comment on the above referenced matter published in the July 2, 2009 Federal Register Vol. 74, No. 126.

The MGEX recognizes the value that the proposed Ownership and Control Report ("OCR") may provide to different regulatory agencies, particularly the various CFTC divisions and offices. MGEX suggests there may be a better way to obtain the information than asking each exchange to do so independently and for every account. The Exchange believes that the proposed method creates duplication and added costs that perhaps are unnecessary.

First off, the proposal places the burdens on each exchange to collect data when the data the CFTC is requesting is not housed at each exchange. Rather, it is housed at the non-member futures commission merchants ("FCM") and clearing members that hold positions in a regulated product. Given such, these entities may be forced to replicate the reporting process several times over in order to supply the data being requested by each exchange rather than by simply being requested to supply such data once directly to the Commission. This would alleviate the potential likelihood for dual reporting amongst reporting entities as well as be more cost effective by not adding additional reporting requirements by exchanges to each reporting entity where they or their customers hold positions.

Secondly, the Exchange believes that only the largest position holders should be considered for the new reporting requirements. MGEX suggests requiring information for those positions that become reportable and any additional positions that may be tied to the same account ownership or control instead of attempting to gather information on every single account that may hold a position in a regulated product. Given this suggestion, perhaps a slight modification to the current reporting method for large trader and reportable positions may be the most cost effective and efficient solution. This method would focus attention on reportable positions while using the existing infrastructure in place which will likely result in gaining efficiencies and minimize additional expenses.

MGEX would be pleased to provide further comment on the following questions presented in the Federal Register release.

Received CFTC  
Records Section

8/17/09

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OFFICE OF THE SECRETARIAT

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COMMENT

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**1. Is there additional information, not included in Section II(A), that should be included in the OCR?**

MGEX believes there is sufficient information in the proposed OCR. However, once again, the MGEX requests the CFTC consider limiting the data in the OCR to reportable positions.

**2. What is the lifecycle of the information required by the OCR? Who possesses it at a root level? From what types of entities will exchanges draw the information required by the OCR (e.g. exchange clearing members, non-member futures commission merchants, etc.)? How will exchanges obtain OCR information?**

The current process for Large Trader Reporting information appears sufficient including the frequency of reporting. The data for the current reporting requirements is obtained and maintained with the FCMs. MGEX would primarily contact the clearing members to obtain the proposed OCR required information. The collection of the data is expected to be a burdensome and manual process for the exchanges. However, the respective FCM has this information readily available. Accordingly, once again, MGEX would suggest consideration of utilizing the respective FCMs to report the OCR required information to expedite the process as well as potentially improve accuracy with a direct communication versus routing information to the clearing member and then on to the exchange. Further, FCMs are aware firsthand of changes to accounts, including new accounts, closed or deleted accounts and changes in control of accounts.

**3. Will OCR information be more difficult to acquire for some account types than for others? If so, what types of accounts will present a greater challenge and why? How can the challenge be overcome?**

Extra efforts will be needed to obtain and keep current detail information that involves omnibus accounts, index accounts with multiple investors, or any accounts with multiple owners, participants or controllers. Exchanges will have no option but to require non-member FCMs and clearing members to provide the information.

**4. The Commission expects that initially the OCR will be submitted in FIXML via FTP. Is there a better way to electronically transmit the OCR? Is there an existing FIXML report that may be used to transmit OCR information? If not, is there an existing FIXML report that can be easily modified to supply the information contained in the OCR?**

The Exchange believes the method for reporting should be uniform and FIXML seems appropriate. However as the MGEX earlier suggested, perhaps utilizing the existing infrastructure of Large Trader Reporting requirements could be a more efficient strategy for implementation of the OCR requirements.

**5. The Commission anticipates that each exchange will initially transmit a "master file" containing the required information for every trading account number included in the Trade Capture Report during the previous month or longer. The master file will effectively establish a baseline of account information. Subsequently, each exchange would be required to file a weekly "change file" reporting only changes that occurred during the week (e.g. new accounts, deleted accounts, or changes to accounts already in the master file). Is there a more convenient way to provide the required information on a regular basis? Do changes occur so frequently that a change file should be submitted**

**daily instead of weekly?**

Please see our previous responses which identify more cost effective and efficient ways to obtain the data.

**6. What entities will have to report raw data to exchanges so that exchanges can compile the information required by the OCR? Since these entities will already be in possession of OCR information, what additional measures will they have to take to transmit it to exchanges or prepare it for transmission? What will be the dollar and staff-hour cost of those measures? To the extent possible, please itemize costs related to initial implementation as well as regular reporting costs.**

The proposed OCR required information would come from a variety of sources including clearing members and non-member FCMs. The MGEX defers to the FCM community for costs they will incur. However, the cost incurred by MGEX will be substantially more than if the FCMs were required to utilize their already deployed resources used today for the Large Trader Reporting process.

**7. How long will it take exchanges to assemble the necessary information and transmit the first OCR to the Commission? What will be the dollar and staff-hour costs associated with providing the OCR? To the extent possible, please itemize costs related to initial implementation as well as regular reporting.**

The Exchange believes the previous made suggestions for collecting this data are the most efficient and cost effective for both the FCMs and exchanges. Additionally, the MGEX is concerned about the amount of resources necessary for the reporting entities given that each exchange will be responsible for ensuring the accuracy of the information provided to them.

**8. Will the OCR impose any disparate impact on small businesses? If so, how can it be minimized? Please describe and estimate the number of small entities that will be impacted.**

The Exchange believes that if the current infrastructure for Large Trader Reporting is utilized for OCR as suggested earlier, there would be minimal impact to the industry. On the other hand, the impact on smaller companies is likely to increase as a result of reporting to multiple exchanges and responding to their inquiries, rather than just reporting to the Commission.

The MGEX thanks the Commission for the opportunity to comment on the advanced notification and appreciates the Commission's willingness to consider further comments prior to adopting a final decision on OCR reporting. If there are any questions regarding these comments, please contact me at (612) 321-7122. Thank you for your attention to this matter.

Sincerely,



Jesse Marie Bartz  
Assistant Corporate Secretary