

**Leslie R. Sutphen**  
**126 S. Harvey Ave.**  
**Oak Park, IL 60302**  
**708-358-0180**  
**sutphen@finmarkets.com**

September 16, 2010

Dear Mr. Shilts and members of the Division of Market Oversight,

I appreciate the opportunity to comment on the challenges of improving sources of ownership and control information as well as discussing how best to implement protocols for receiving this information. My comments today will reflect my experience implementing electronic trading systems both as a managing director at Newedge Group and as an independent consultant over the past 13 years. They are a reflection of my own opinion and not that of Newedge Group or any other entity. I applaud the efforts of the Commission to improve the identification of trading patterns and control in today's complex markets.

I will confine my comments today to issues surrounding identification of control as I believe the other participants will have more to say on issues having to deal with ownership. I specifically want to talk about the setting up of unique user id's which may translate to a specific field on the execution trade feed such as Tag 50 or Sender Sub ID.

In the way the futures industry operates today, the identification of specific controllers of trading and the associated information surrounding the controller is non-standardized, dispersed, and not specific enough to enable precise identification of the controller. The non-standardization has to do with the nature of User ID's themselves. User Id's are generally free form text, varying depending on the requirements of the trading platform being used, the exchange to which the trade is being routed, or the identification requirements of the clearing or executing firm. The lack of standardization often complicates the setup of users across multiple markets. For example, on some exchanges, it is necessary to use the exchange-assigned user ID and on others, the user ID cannot be longer than 6 characters. In addition, some trading requirements such as

sharing an order book among traders can result in multiple order routing id's being mapped to a single exchange ID.

Even if the industry could come up with a standardized protocol for the setting up of user IDs, there is currently no uniform approach to the assignment of IDs, the collection of information on the user, and the control over whether the ID is active or not. Generally, the FCM will delegate the control over who has access to the User ID to the client itself as practically, the FCM cannot definitively identify who is logging in at a given moment. Although many FCMs do set up detailed and complex databases with the names of the traders behind the IDs and possible some contact information, maintaining these databases is a manual and laborious process with no easy way to automate and maintain this information. In many cases, the information is located in disparate spreadsheets used by support desk personnel.

Finally, even if the industry could adopt agreed standardized procedures for setting up user IDs and maintaining the data behind the user ID, the user ID itself is not sufficiently precise to correctly identify the controller in all cases. Generally, in the case of screen trading, there is a single unique ID for each screen. However, if the screen is used by a broker or fund manager, the user is placing trades for multiple controllers, many of whom are not necessarily identified by a unique account number. In the case of automated trading, there may be a single user ID for multiple algorithms or strategies or no unique user ID because all traffic goes through a single FIX session. The exchanges generally require additional identification information beside the user ID to be passed (for example in Tag 50) in order to facilitate identification of a specific trading strategy or trader. However, at this time, it is not always easy to populate this information technologically, depending on the architecture of the trading platform. And the FCM does not always know that multiple algorithms are using the same identifier, making it difficult for both the exchange and the FCM to corroborate this identification.

I believe the industry can continue to work together to come up with a more standardized approach to setting up user ids, codifying and collecting information, and agreeing with exchanges on how this information can be passed. However, it is important to note that migrating to this new approach will require fundamental re-architecture of user setups across the industry – something which typically can take several years to accomplish and at great cost.

Sincerely yours,

Leslie R. Sutphen