

May 18, 2010

Mr. Gary Gensler
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Chairman Gensler:

I am writing on behalf of Cantor Exchange, regarding its proposal to trade Domestic Box Office Receipt futures contracts. As an independent filmmaker, I have been working for years to build a robust film industry in the United States. The success of the Domestic Box Office Receipts contract is absolutely critical to fostering growth in the U.S. film industry and in creating efficiency and transparency in the finance phases of our filmed products.

For over a century, the manufacturing of filmed entertainment has been an economic boon to the nation as a whole. It provides direct economic stimulation to the communities where productions are located, and fosters employment opportunities and small business growth both directly and indirectly. In addition, it provides tax revenue and offers many other fiscal positives to state and local municipalities, so much so that in the past decade, states have implemented Film Tax Credits (FTC) to lure film production to their region. The economic stimulus provided by the film industry is even more important now, in an era of struggling and declining local economies that are further weakened by the drastic loss of manufacturing and labor specific jobs. The hard hit economies of New Mexico, Louisiana, Massachusetts, and Michigan especially, have used FTC to build a sustainable new entertainment industry to replace the economic, employment, and tax base voids left predominately by the auto and textile industries.

In my opinion, the Cantor Exchange can and should become the next phase in building a sustainable film industry in the United States. While the production side of the industry has experienced a renaissance in terms of growth and sophistication, the financial side of the industry has not kept pace, and remains inefficient and uncertain. I have personally seen numerous superior products, with great marketing potential and a high probability of box office success, sit on the shelves waiting for someone to give them a shot. Conversely, and unfortunately, I have seen vastly inferior products obtain funding despite a low likelihood of distribution, let alone box office success, thanks to savvy salesmanship. I have come to believe the problem lies in the fact that independent films are simply not subject to rigorous market analysis.

The Exchange promises to remedy this. With the Exchange, investors can have confidence that the filmed products in which they are investing have been subjected to market analysis with the same high standards that apply to all the products that are regulated by the Commission.

While concerns have been raised regarding the suitability of box office futures trading given the intangible nature of filmed products, I believe this concern can be laid to rest by an examination of the existing futures exchanges and their regulation. The Commission already regulates a vast array of intangible products from a diverse group of industries, *i.e.*, the various financial instruments. The Commission has been successful in creating robust safeguards that serve to mitigate fraud and other violations such as insider trading. There is nothing innately different or unique about the film industry that would prevent the Commission from regulating the trading of Box Office Futures, as it would in any other industry.

Of course all investment, including futures trading, has an inherent risk. But as with any other futures exchange, the Cantor Exchange will be properly structured and work within the existing regulatory framework, no different from any other regulated commodity or options exchange. That the Box Office Futures Exchange can and will be regulated within the existing framework should alleviate concerns that such an exchange is somehow inherently different than existing exchanges, and appropriate regulation will provide the transparency required for its proper regulation and functioning.

While investment in the film industry can be regulated as would any industry, I do believe that the film industry is unique in its ability to stimulate the U.S. economy. While it has proven its ability to do so in the past few years, I believe more is possible in the years to come. Mechanisms as the Cantor Exchange will create efficiency and transparency in the financing of filmed products, and allow the industry to achieve its full potential.

Thank you for your attention to this matter. If you would like to discuss this issue further, please contact me at your convenience.

Sincerely,

Kimberley Leadford

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President

Baldwin Film Company

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cc:

Commissioner Dunn

Commissioner O'Malia

Commissioner Sommers

Commissioner Chilton

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