

Media Derivatives, Inc.

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April 14, 2010

Chairman Gary Gensler
Commissioner Michael Dunn
Commissioner Jill Sommers
Commissioner Bart Chilton
Commissioner Scott O'Malia
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, DC 20581

Re: Media Derivatives, Inc. Response to the MPAA Letter Dated April 8, 2010

Dear Chairman Gensler and Commissioners Dunn, Sommers, Chilton and O'Malia:

Media Derivatives, Inc. ("MDEX") submits this letter in response to the letter submitted by the Motion Picture Association of America, Inc. and other entertainment trade associations (collectively "MPAA") on April 8, 2010, regarding MDEX's designated contract market ("DCM") application. MPAA has indicated that it also plans to submit its comments for consideration in the separate Commission review process of MDEX's Opening Weekend Motion Picture Revenue Contracts ("OW Contracts"), which we believe is the appropriate forum for addressing the MPAA's product-specific issues.

In its most recent letter, MPAA suggests that its product issues should be cause for denying MDEX's DCM application, on the apparent misunderstanding that the OW Contracts are the sole contracts that MDEX seeks to trade. That is not correct. The OW Contracts are simply the first of a range of risk management contracts that MDEX plans to offer for the entertainment industry. As we promised we would do last September, MDEX recently submitted the listing rules for its OW Contracts for CFTC review and that process is currently open. As you know, MDEX has recommended extending that review process to 90 days to assure that MPAA and other interested parties have an opportunity to submit their comments. MDEX has also agreed to submit other media-related contracts to the Commission for review before listing such contracts for trading. Thus, should MPAA identify concerns with a future MDEX product offering of that type, it will have full opportunity to express them during the review process for that product, consistent with CEA and CFTC procedural requirements.

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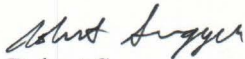
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To the extent that MDEX's plans to list the OW Contracts raise any issues for the DCM application, all such issues have been thoroughly addressed by MDEX and Commission staff in the DCM application review process. As you know, the DCM application process has lasted 10 months and involved the submission of more than 100 documents by MDEX, numerous discussions between MDEX or its service providers and Commission staff and on-site visits by Commission staff. In lieu of preparing another written set of responses to issues we have previously addressed at length, we attach a table listing the relevant documents that address the points raised in MPAA's recent letter. We also anticipate that the Commission staff's written analysis in support of MDEX's DCM application also addresses MPAA's issues.

Finally, we wish to address some confusion we believe MPAA's comments may have caused as to whether the interests underlying the OW Contracts constitute a commodity on which a DCM may list contracts for trading. While this again is a product issue, we do wish to resolve any ambiguity on this point. At the outset, it should be noted that the definition of "commodity" in CEA §1a(4) covers "services, rights, and interests" in which futures contracts are or may be dealt. That broad definition covers the reported cumulative gross box office revenues for a movie through its opening weekend that would underlie a listed OW Contract. In addition, the underlying interest is also covered by the definition of "excluded commodity" (added to the statute in 2000) under CEA §1a(13)(ii), as a measure of economic or commercial return or value -- cumulative gross box office revenues for the defined period -- which are not themselves the subject of cash market trading. It is our position the underlying interest also qualifies as an "excluded commodity" under CEA §1a(13)(iii) in that the reported revenues constitute an index measuring the level of a movie's gross box office revenues for the defined period. There is considerable precedent for listing contracts on intangible commodities which do not have an underlying cash market, such as crop yields, or the measurable economic consequences associated with an event such as total insurance claims filed for hurricane damage or whether the CME Group or ICE would acquire the CBOT.

We look forward to your approval of the DCM application on or before April 16, 2010.

Sincerely,



Robert Swagger
Chief Executive Officer

cc: Rick Shilts
Riva Adriance
Jane Croessmann
Timothy Karpoff
Robert Cashdollar
Allison Lurton
Elizabeth Ritter
Marcia Blasé