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REC'D CFTC
DIVISION OF
MARKET OVERSIGHT

May 13, 2010

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

Dear Mr. Gensler,

I have been following with great interest the events surrounding the approval of the exchanges which would allow for the trading of box office future contracts relating to theatrical films. As President of a nonprofit organization that works closely with the studios and filmmakers, including many independent filmmakers, I am very interested in this product and convinced it can greatly benefit filmmakers and film companies at every level. It has great potential to provide investors in theatrical films the opportunity to better manage their risk in this very volatile industry.

Having a risk management tool could assist me in my core business of providing debt capital to film production and distribution companies. Like many other industries, the significant number of providers of debt capital to the film industry have withdrawn or significantly reduced the availability of capital to those who produce or distribute films. This has caused a significant reduction in the number of films that are produced on an annual basis which has reduced the number of employment opportunities for thousands of individuals and reduced the business opportunities for hundreds of companies.

It has also started a chain reaction that will reduce the export opportunities of domestic companies as theatrical film is one of the largest export items of the United States. While I cannot be certain of the utilization of the box office future product by my organization or other film financiers, I believe that there is a significant opportunity whereby the availability of this product will encourage greater capacity of investment dollars which will improve the business opportunities for numerous individuals and companies.

I have also watched with interest the objection by various entertainment industry insiders to this product being available to industry outsiders. You may be aware that the entertainment industry is often criticized for the lack of "transparency" in many aspects of their business be it in typical "studio accounting" methods or their views on their upcoming film slates. In recent years, studios have welcomed many risk mitigation techniques including allowing those interested in investing in the film industry to invest on a "blind basis" by committing to co-invest in films that are within the absolute total control of the studio and are not identified or even exist at the time of the time of the investor's investment commitment.

This allows the studio a significant hedge in managing their investment in their film slates while maintaining complete control of the process. I believe that a hedging product such as the box office future contract will provide two key benefits. First, it would allow investors who buy into

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“blind basis” transaction a method to manage their risk and thereby encourage continued and additional investment opportunities. Secondly and perhaps more importantly, it would also allow investors to improve their investment opportunity by investing in individual films in which they have concrete and tangible information by which they can make informed investment decisions at the time of release of the film. It has occurred to me that many of the studio insiders’ resistance to the availability of a box office future product may be motivated by the fact that the “transparency”, or lack thereof, for which the studios are often criticized, is limited to the studios themselves and not to debt lenders or investors.

I continue to believe that increased transparency is positive to creating greater investment opportunities in the film industry which I believe could be very beneficial to me in managing my organization.

My purpose in writing to you is to encourage you to allow the approval process of the box office future contracts to move forward, that the product be fully analyzed and finally approved following the normal guidelines under which the CFTC operates and not allow it to be politicized in Congress. I would welcome the opportunity to further explain my views to you if you are interested in hearing from an objective third party.

Thank you for considering this, please feel free to contact me with any questions.

Sincerely Yours,

Jeffrey L. Sparks
President and CEO

Cc:
Mr. Richard Shilts
Ms. Riva Spear Adriance
Ms. Jane Croessmann