OneChicago

Via electronic submission

June 7, 2012

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchanges Commission
100 F. St. NE.
Washington, D.C. 20549

RE: Joint CFTC-SEC Advisory Committee
SEC File No. 265-26

Dear Ms. Murphy:

OneChicago, LLC ("OCX") appreciates the opportunity to comment on the Commodity Futures Trading Commission ("CFTC") and the Securities and Exchange Commission ("SEC") (collectively "Agencies") renewing the charter of the Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues ("Joint Advisory Committee"). Notice of the charter renewal was published in the Federal Register on May 10, 2012.

OneChicago is registered as a designated contract market with the CFTC and as a national securities exchange for the sole purpose of trading security futures with the SEC. Security futures trading is jointly regulated by the Agencies.

We strongly support the Agencies in continuing to work together and share the goals of the Joint Advisory Committee in addressing regulatory issues of mutual concern.

A pressing issue facing the Agencies today is the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection and Accountability Act ("Dodd-Frank") which continues to be enacted by the Agencies. Dodd-Frank, among other things, looks to migrate over-the-counter transactions onto exchanges and centrally cleared counter parties. Further, Section 984, Loan or Borrowing of Securities, of Dodd Frank also looks to increase transparency of information available with respect to the loan or borrowing of securities.

OneChicago is at the center of bringing over-the-counter equity finance trades (equity swaps including equity repos and stock loan/borrow transactions) onto exchanges and centrally cleared. OneChicago's OCX.NoDivRisk® contract was specifically designed so that when traded as one leg of an integrated Exchange Futures for Physical ("EFP") trade, the resulting position replicates the economics of an equity swap in an existing exchange listed, transparently traded, central counter party cleared environment; the very environment mandated by Dodd-Frank. It is vital that the Agencies craft regulatory structures that do not impede or disadvantage current marketplaces such as OneChicago relative to the upcoming Swap Execution Facilities ("SEF"). The Agencies should not allow for regulatory arbitrage between economically similar products, nor should the Agencies pick winning or losing market structures when finalizing the SEF rules and regulations. Markets that provide for the same economic benefit should have comparable regulatory burdens, regulatory fee structures as well as comparable tax structures, regardless of the words used to describe them.

Further, the regulatory scheme needs to account for trading strategies that have multiple components; each component cannot be viewed without looking at the other components in the transactions. OneChicago would stress that an EFP using single stock futures has both a Securities leg as well as a Futures leg which means both the securities and commodities worlds are involved. If only one leg of the EFP is looked at without the benefit of looking at the second leg as well; we believe it will lead to confusion and questions as to the legitimacy of such trades. We believe it is crucial that the agencies work closely with exchanges and SEFs who do or will trade products that cross the regulatory divide.

With that said, a specific area for the Joint Advisory Committee to focus on is portfolio margining. Specifically, Section 713 of Dodd-Frank permits, pursuant to an exemption, rule or regulation, futures and options on futures to be held in a portfolio margining account that is carried as a securities account and approved by the SEC. Section 713 of the Dodd-Frank Act also permits, pursuant to an exemption, rule, or regulation, cash and securities to be held in a portfolio margining account that is carried as a futures account and approved by the CFTC. Also required is further consultation between the Commission and the SEC in drafting implementing regulations. The Agencies have not made progress in this important area. Effective portfolio margining provides for the most efficient use of capital coupled with decreased systemic risk. We urge the Joint Advisory Committee to engage the Agencies on this initiative.

Conclusion

OneChicago thanks the Agencies for the opportunity to comment on this subject. We would be happy to discuss any related issues with Agencies staff. If you have any questions, please do not hesitate to contact me at (312) 424-8512 or via email at tmccabe@onechicago.com

Sincerely,

Thomas G McCabe
Chief Operating Officer