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Via Electronic Delivery

October 1, 2010

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Mr. Stawick and Ms. Murphy:

Benchmark Solutions fully supports regulatory efforts to increase transparency in the OTC markets and enhance the industry's readiness measure of systemic risk. Thank you for the opportunity to propose further recommendations as the commission sets forth to establish policies for the OTC Derivative Markets.

Creating meaningful transparency in the OTC markets will enable investors to better assess both fair market values and the potential risks of investment opportunities. To achieve this goal, we recommend the following:

1. **Establish a Comprehensive Source of Standardized Reference Data:**
   The OTC derivatives market currently lacks a comprehensive master reference data set and uniform identifier system. While efforts to standardize the terms of OTC derivatives will help improve the utility of the proposed post-trade transaction feed, it is imperative that a single source of reference data and unambiguous identifiers must be established.

   The reference data set must include standard attributes necessary to derive cash flows and any contingent claims that can alter or terminate payments of these contracts. In addition, a standard set of unique identifiers needs to be employed across the entire industry (i.e., SEFs, SDRs) to ensure comparability of similar contracts. Without these critical pieces of information, users of the trade price dissemination service will be unable to accurately assess reported values. Furthermore, to fully reap the benefits of transparency, the reference data should be cohesive across both derivatives and cash markets.

   To address these fundamental gaps, we encourage the commission to work with an independent organization such as the EDM Council, to standardize terms and definitions of all reference data components and establish a single master reference data source.

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2. **Mandate Real-Time Reporting:**
   Timeliness matters. Simply put, the sooner post trade data is accessible to the market, the more effectively it can feed back into the update cycle of pre-trade information. Better pre-trade information allows investors to make more well-informed decisions regarding market values, risk and helps assure that investors achieve best execution. Therefore, we recommend that the "Real-Time Reporting" facility include the following characteristics:

   a. Trade reporting & dissemination services, including the reference data & identifier system should be provided via a non-profit industry utility such as a SDR. This structure helps promote innovative uses of the content to maximize its value to market participants.

   b. The information in each transaction report should be modeled after the content of the CFTC Commitments of Traders Reports. For each transaction, the following information should be reported.

      i. Traded Price & Execution Time
      ii. Counterparty Type
      iii. Notional Size of Transaction
      iv. Contract "Open Interest"

      In addition to the standard counterparty types used for financial futures, it would be valuable to include an entry for "end user", akin to the "Producer/Merchant/Producer/User" designation used in the agricultural futures report. Information about the level of speculative activity in the market is a key element in the evaluation of the reported prices.

   c. Require immediate reporting of all trades to the industry utility service, with dissemination to the market occurring within 5 minutes of execution, or as soon as technologically feasible.

   d. Require immediate reporting of actual trade size to the utility. Dissemination of trade size should be immediate except for "large trades" (where large trades are defined as, say, those larger than 2 or 3 standard deviations of 30-day average trade size).
      i. For large trades, the reporting system can temporarily withhold the actual trade size to provide market makers an opportunity to execute hedging transactions. However, the full trade sizes should be provided to the market no later than the close of business on the trade date.

3. **Transparency Increases Liquidity:**
   In addition to facilitating better investment decisions with access to standardized transaction data and real-time reporting, we believe price transparency will improve liquidity in the OTC markets. A study by financial economists Amy Edward, Michael Piwowar, and former SEC Chief Economist Lawrence Harris found that:

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> Costs are lower for bonds with transparent trade prices...that public traders benefit significantly from price transparency…[and] additional transparency is likely to encourage the creation of more efficient market structures and innovative dealing strategies that can further reduce transaction costs. [1]

We encourage the commission to further examine this constructive byproduct of transparency.

We applaud your tireless efforts to champion the transformation of OTC Derivative Markets and welcome the opportunity to discuss our recommendations further.

Best Regards,

James W. Toffey
CEO

[1] Edwards, Amy K., Lawrence E. Harris, and Michael S. Piwowar. "Corporate Bond Market Transparency and Transaction Costs." Journal of Finance, Vol. 62, No. 3 (June 2007), pp. 1421–1451.