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December 2, 2010

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



GETCO

**Re: Application of New York Portfolio Clearing for Registration as a
Derivatives Clearing Organization (Filing Number: IF10-009)**

Dear Mr. Stawick,

Global Electronic Trading Company (“GETCO”) appreciates the opportunity to respond to the Commodity Futures Trading Commission’s (the “Commission” of “CFTC”) request for comment on the application by New York Portfolio Clearing, LLC (NYPC) for registration as a derivatives clearing organization (DCO). In connection with its application for registration, NYPC also seeks approval of the cross-margining of U.S. dollar-denominated interest rate futures contracts cleared by NYPC with U.S. Treasury and other fixed income securities and repurchase agreements cleared by the Fixed Income Clearing Corporation (FICC).

GETCO supports NYPC’s application and its prompt approval by the CFTC. We disagree with any suggestion that the Commission extend the period for consideration of NYPC’s application. As filed, NYPC’s application demonstrates its compliance with DCO Core Principles, as well as its ongoing ability to comply with those Core Principles. As an investor in both NYPC and ELX, we welcome the entry of NYPC as a new competitor and believe the Commission should continue to consider NYPC’s application on an expedited basis.

In addition, GETCO welcomes the entry of a new provider of clearing services that is proposing to offer a unique cross-margining program between futures and related cash instruments. Properly managed, NYPC’s cross-margining program will reduce risk exposures for market participants, allow for more efficient use of capital, and

provide the potential for increased liquidity in interest rate futures and other interest rate products.

Our view of the potential benefits of NYPC's proposed cross-margining program should not be viewed as a suggestion that the Commission should delay its consideration of NYPC's application to register as a DCO until after the SEC takes action on the related proposal by the Fixed Income Clearing Corporation ("FICC"). The Commission's decision on NYPC's registration application is not contingent on the SEC's approval of FICC's proposal regarding cross-margining with NYPC. Therefore, the Commission should not delay or defer its decision pending action by the SEC. If the SEC does not approve FICC's proposal, NYPC will not be able to cross-margin with cash instruments. That possibility does not in any way change or invalidate NYPC's pending application to register as a DCO.



I. Introduction

GETCO is a leading electronic trading and technology firm providing liquidity on over 50 markets in North and South America, Europe, and Asia. From offices in Chicago, New York, London, and Singapore, the firm transacts business in cash and futures products across four asset classes – equities, fixed income, currencies and commodities.

GETCO trades on various U.S. and foreign futures exchanges, including the Chicago Mercantile Exchange ("CME"), ELX Futures, ICE Futures US ("ICE"), and NYSE Liffe US. GETCO's primary trading strategy is market making – posting two-sided markets—to allow market participants to efficiently transfer risks. Our trading strategies employ advanced technology, real time information, transparent risk management systems, and continuous innovation.

II. Discussion

A. NYPC's Compliance with DCO Core Principles

GETCO believes that NYPC's application demonstrates compliance with the core principles applicable to DCOs and that the Commission, therefore, should approve NYPC's application for registration as a DCO.

Following enactment of the Dodd-Frank Act, the Commission is engaged in several rulemakings to implement new requirements. Some of these new rules will likely impact the way in which DCOs will be required to comply with core principles. GETCO believes it would be unfair for the Commission to defer consideration of NYPC's application until after these new rules are finalized. Such deferral would impose a burden on a new entrant that is not being imposed on current DCOs and,

therefore, would have an anti-competitive impact. NYPC, like all DCOs, would have to comply with any new rules applicable to DCOs if and when those rules are adopted. GETCO does not believe there is a good basis on which to hold NYPC to a different – yet undefined – set of requirements that current DCOs do not need to satisfy.

B. Cross-Margining and Risk Management

NYPC proposes to establish a cross-margining arrangement with the FICC under which margin requirements for Clearing Members would be calculated based on the net risk of positions held at NYPC and the FICC. NYPC will initially accept for clearing U.S. dollar-denominated interest rate futures contracts traded on NYSE Liffe US and represents that it may also elect to clear other futures contracts, options on futures contracts, and OTC interest rate products.



GETCO believes that NYPC's cross-margining of futures and fixed income instruments will encourage the clearing of more interest rate instruments by offering Clearing Members an efficiency that is not currently available. One of the goals of the Dodd-Frank Act is for a greater proportion of financial instruments to be centrally cleared. By offering enhanced capital efficiency through "single pot" margining of cash and futures positions, NYPC will encourage market participants to use centrally cleared instruments, thereby reducing overall risk.

NYPC will employ the Value at Risk (VaR) methodology for setting margin. GETCO believes that VaR is a well-understood risk modeling technique that a significant number of financial institutions currently use. While NYPC delivers market efficiencies, it does not do so at the expense of compromising the stability and soundness of the clearinghouse. Instead, NYPC will create unprecedented transparency of risks across asset classes, which will allow the clearinghouses and regulators to better monitor and mitigate risk concentrations.

Finally, NYPC will also reduce delivery risks and inefficiencies through a streamlined delivery mechanism for US Treasury futures. The NYPC/FICC "locked in" delivery model offers seamless delivery of expiring futures contracts into cash bonds held at FICC, thereby minimizing fails and squeezes, improving price convergence and reducing overall stress on the settlement system.

C. Increased Competition

NYPC represents in its application that, after an initial transition period, it intends to make its clearing services available to other designated contract markets. Thus, unlike other futures clearing platforms, NYPC will allow designated contract markets

that compete with its affiliated contract market, NYSE Liffe US, to use its clearing services, including the cross-margining program with FICC.

NYPC's "open access" clearing model will create a level playing field for multiple exchanges to compete. Such an "open access" approach is consistent with the Dodd-Frank Act, which requires DCO participation requirements to, among other things, permit fair and open access. Such open access would also allow greater competition among designated contract markets, which would result in lower trading fees, tighter spreads, and higher trading volume.

III. Conclusion

GETCO appreciates the opportunity to submit these comments. Please do not hesitate to contact us at (312) 931-2200 if you have questions regarding any of the comments provided in this letter.



GETCO

Sincerely,



John A. McCarthy
General Counsel