MANAGED FUNDS ASSOCIATION
The Voice of the Global Alternative Investment Industry
WASHINGTON, DC | NEW YORK

July 6, 2010

Via Electronic Mail: secretary@cftc.gov

David A. Stawick
Secretary
U.S. Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Co-location/Proximity Hosting Services

Dear Mr. Stawick:

Managed Funds Association ("MFA")[1] appreciates the opportunity to comment on the Commodity Futures Trading Commission's ("CFTC" or "Commission") proposed rulemaking on "Co-Location/Proximity Hosting Services" (the "Proposed Rule").[2] MFA fully supports the Commission's efforts to require equal access to co-location and/or proximity hosting services without artificial barriers designed to exclude some market participants. MFA feels strongly that co-location and/or proximity hosting is a critical component to low latency technology which should be available to market participants that pay for this service. We support the Proposed Rule and provide some minor comments for the Commission's consideration.

MFA suggests an interpretative clarification with respect to the Proposed Rule's provision on "Fees". The Commission states that it seeks to ensure that fees charged by market participants and third-party proximity hosting services remain equitable and do not become an artificial barrier to effective market access.[3] The Commission further states that "an equitable fee would be a uniform, non-discriminatory set of fees for the various services provided".[4] We believe the Commission should also clarify that in providing a "uniform" fee, a co-location provider that offers any type of fee break or fee-reduction incentives must make the same offer available to all similarly situated customers.

In response to the Commission's request for comments on the disclosure of latency information, MFA suggests that the Proposed Rule require Designated Contract Markets, Derivatives Transaction Execution Facilities and Exempt Commercial Markets that list significant price discovery contracts to publish latency percentiles (e.g., 10th, 20th, 30th, . . . , 90th, 95th,

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[1] MFA is the voice of the global alternative investment industry. Its members are professionals in hedge funds, funds of funds and managed futures funds, as well as industry service providers. Established in 1991, MFA is the primary source of information for policy makers and the media and the leading advocate for sound business practices and industry growth. MFA members include the vast majority of the largest hedge fund groups in the world who manage a substantial portion of the approximately $1.5 trillion invested in absolute return strategies. MFA is headquartered in Washington, D.C., with an office in New York.

[2] 75 *FR* 33198 (June 11, 2010).

[3] 75 *FR* 33200.

[4] *Id.*

99th percentile latency) for each connectivity option rather than the longest, shortest and average latencies. MFA believes that such latency statistics would provide market participants with more granular metrics for comparing latency across markets and marketplaces.

We would be happy to discuss our comments or any of the issues raised by the Proposed Rule at greater length with the Commission or its staff. If staff has any questions, please do not hesitate to call Jennifer Han or the undersigned at (202) 367-1140.

Respectfully Submitted,

/s/ Stuart J. Kaswell

Stuart J. Kaswell
Executive Vice President & Managing Director,
General Counsel

cc:

The Honorable Chairman Gary Gensler
The Honorable Commissioner Michael Dunn
The Honorable Commissioner Bart Chilton
The Honorable Commissioner Jill Sommers
The Honorable Commissioner Scott O'Malia
Mr. Stephen Sherrod, Acting Director of Surveillance, Division of Market Oversight
Mr. David P. Van Wagner, Chief Counsel, Division of Market Oversight