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May 23, 2000

Received CFTC
Records Section

Jean A. Webb
Secretary, Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street
NW, Washington, DC 20581
Dear Jean,

In regards to allowing the US Dollar index contracts to expire for delivery into their respective cash components, I believe it would be very beneficial for the market participants and growth of the contract.

As a Market Maker in the u.s.d.x. contracts, I find myself limiting the amount of contracts I am willing to hold as I do not wish to take the risk of unwinding my cash hedge against the exchanges cash settlement rate. Allowing the contract to deliver would allow us to unwind our futures obligations with no risk. It does not matter what rate the u.s.d.x. settles at, as the percentages of currency are fixed against their geometric weighting creating a zero sum transfer of cash for futures at expiration.

The delivery mechanism would also help the traders who take directional unhedged positions. Since market makers would be willing to trade larger volumes the depth of the market would increase tremendously resulting in more competitive bid/ask spreads for customers, rollovers would also become tighter in spread with more depth of mark. Dealers with cash delivery availability would be willing to assume the contracts for delivery against the exchange.

I believe the system for settlement, using the settlement prices of the component currency contracts currently traded on the exchange will provide a true fair value settlement for the u.s.d.x.

In short everyone benefits from the delivery of u.s.d.x. futures at expiration. A level playing field is created where the market makers reduce their risk at expiration and the customer will benefit from tighter competitive prices with increased depth of market.

Very truly yours,

Isaac Lieberman

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