

David J. Vitale
President and
Chief Executive Officer

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BY E-MAIL AND CERTIFIED MAIL

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st, N.W.
Washington, D.C. 20581

Re: Proposed Rules Concerning Intermediaries

Dear Ms. Webb:

The Chicago Board of Trade ("CBOT®" or "Exchange") is pleased to offer its comments on the Commodity Futures Trading Commission's ("Commission") Proposed Rules Concerning Intermediaries. The Commission had previously adopted final rules relating to intermediaries in December 2000, which were withdrawn as a result of the passage of the Commodity Futures Modernization Act of 2000 ("CFMA"). The Commission re-examined its rules in light of the CFMA, and has now proposed similar rules concerning intermediaries, with some modifications.

The CBOT believes that the Commission has done a commendable job in developing these rules to streamline and eliminate unnecessary regulations. In addition, the Exchange understands that further rule proposals affecting intermediaries will be made in the future as a result of the study that the Commission is conducting regarding its rules, regulations and interpretations governing the conduct of registrants.¹ The Commission has also noted that it is separately considering the adoption of risk-based net capital requirements for FCMs, an endeavor the Exchange has supported for many years.

The Exchange supports the Commission's modification of its definition of principal to only encompass those individuals who actually have a controlling influence over activities subject to regulation by the Commission.

The Commission has determined to continue to require new FCMs to provide certified financial statements in conjunction with their registration applications. The CBOT strongly supports this determination. In its comment letter filed prior to the December

¹ The Futures Industry Association and the Managed Funds Association have requested that the time for comment regarding this study be extended until the first quarter of 2002. The CBOT supports the request for an extension of time.

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Release, the Exchange stated its belief that there are important benefits to be gained by having access to certified financial statements prior to a new FCM becoming qualified to begin doing customer business.

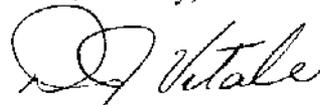
The CBOT applauds the Commission's proposed deletion of Rule 3.34 in favor of its proposed adoption of a Statement of Acceptable Practices with regard to ethics training. The Statement of Acceptable Practices would permit the development of the types and formats of ethics training that are most meaningful and relevant to the particular registrants. The Exchange agrees with the Commission's conclusion that the essence of ethics training is remaining current regarding the legal requirements applicable to a person's role in the futures industry. By adopting these proposals, the Commission would avoid the burden of micromanagement in this area, consistent with the overall intent of the CFMA.

The Commission has proposed to retain the applicability of Rules 155.3 and 155.4 to FCMs and IBs with regard to transactions on designated contract markets. Rule 155.3(b)(2) prohibits an FCM and its affiliated persons from knowingly taking the other side of a customer order "except with such other person's prior consent and in conformity with contract market rules *approved by the Commission.*" (emphasis added). Rule 155.4(b)(2) contains a parallel prohibition applicable to IBs and their affiliated persons. In light of the new rule certification procedures permitted by the CFMA and the CFTC, the Exchange requests that the Commission amend the italicized language to read as follows: "approved by *or certified to the Commission*".

The Exchange supports the Commission's proposals that would simplify the account opening and disclosure process and allow the electronic distribution of customer account statements.

The CBOT appreciates the efforts made by the Commission to propose rules that would generally streamline the rules and regulations applicable to intermediaries and eliminate requirements that serve no regulatory purpose.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. Vitale".

David J. Vitale