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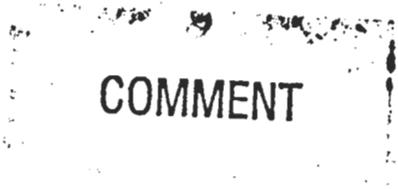


**Received CFTC
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Office of the Secretariat
Commodity Futures Trading Commission
1155 21st Street, N.W.,
Washington, D.C. 20581
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OFC. OF THE SECRETARIAT

Re: "What Constitutes a Board of Trade Located Outside of the United States"

Dear Sirs and Mesdames:

We would very much appreciate if the Commodity Futures Trading Commission and its staff would pay close attention to the following comments concerning the proposed regulation on "Boards of Trades Located Outside of the United States and the Requirement to Become a Designated Contact Market or Derivatives Transaction Execution Facility" indicated in the CFTC's release dated June 8, 2006.

It is a global understanding that order-routing through electronic systems among broker/dealers and/or futures intermediaries, etc. has recently become as popular as order-routing via telephone and facsimile. These order-routing means have essentially no difference. It seems to us, therefore, that there is no reason to impose regulations on a foreign board of trade (FBOT) simply because orders are transmitted through an automated order routing system (AORS) from the United States, as defined in your proposed regulation.

In addition, while direct execution systems (DES) are provided and managed by FBOTs themselves, we believe that FBOTs do not generally have regulatory authority over AORS, which are developed by and/or provided by broker/dealers or Individual Service Vendors. Based on this fact, we believe that it is not appropriate for FBOTs to fall under the jurisdiction of U.S. regulations.

Moreover, existing CFTC regulations already require a FBOTs to receive a no-action-letter relief for its products when they are purchased or sold by U.S. investors. Accordingly, it seems to be excessive to impose the proposed regulation upon FBOTs in addition to these existing obligations.

Taking into consideration the aforementioned points, we are concerned that the proposed regulation could critically hamper the development of electronic trading of derivative products, which is very convenient for investors.

Furthermore, in the concept release, CFTC proposes to introduce new regulations for when FBOTs provide contracts whose underlying products have an impact on interstate business in the U.S. However, the definition of such products seems to be unclear even now. Accordingly, it may lead to interference in the promotion of cross-border trading unless a clear definition is given.

From the view point of the cooperation and harmonization between international regulators, the current No-action relief procedure has been sufficiently effective, because the current procedure is based on information exchange between CFTC and the relevant authorities in each country.

In summary, we believe that the proposed regulation may put an extra burden on FBOTs, and that efforts should be made to harmonize regulations of cross-border trading of derivatives products.

Thank you very much for considering the above comments.

Sincerely yours,


Hironaga Miyama
Executive Officer
Tokyo Stock Exchange, Inc.