

COMMENT

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April 23, 1998

Brooksley Born, Chairperson
Commodity Futures Trading Commission
1155 - 21st Street, NW
Washington, DC 20581

Dear Chairperson Born:

On February 3rd, 1998 the CFTC published the application to become a CFTC-approved market for U.S. Treasury futures of an entity called the Cantor Financial Futures Exchange. As three active members of the existing market for U.S. Treasury futures we are troubled by a number of aspects of this application. First and foremost, let us state that we personally can trade regardless of the platform; it is the entire futures industry, not us personally, that would be harmed by the acceptance of this application.

The Chicago Board of Trade is a member owned, not-for-profit corporation that is not a participant in the markets. As we understand the application, Cantor will control the CFFE, will trade on the CFFE and interpret the rules of the exchange. The conflict of interest here is so great as to be enough to disallow the creation of this market altogether. This is of even greater import given that Cantor settled charges last year that it assisted in committing customer fraud. It is Cantor, not the futures industry or end-users, that stands to reap the benefits of this market.

In addition, as we currently understand the application, CFFE will not prohibit disclosure of customer orders, 'accommodation' trading, inequitable distribution of trades or a number of other prohibitions that are customary and are designed to protect all participants in the market.

Almost no information is provided as to the details of NYBOC, the entity which will clear CFFE trades. In an increasingly interconnected financial world, the ability of any clearing entity to handle defaults by members, or member bankruptcy is of paramount importance. Not only is this underlying soundness important, also important is the reputation and credit rating of the entity. The ability to clear trades is meaningless if there is not also the confidence of the market participants that their trades will be made good. It is for this very reason that BOTCC went through the rigorous process of obtaining a AAA rating.

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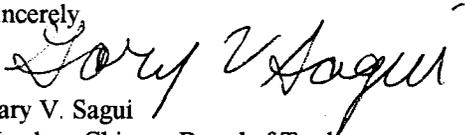
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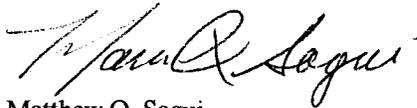
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Considering the above concerns and numerous other application deficiencies, we must strongly voice our disapproval of this application. It strikes to heart of and attempts to undermine almost all of the fundamental safeguards currently in place in the futures market. The ultimate losers, if this application is approved, are the end-users, whose orders will no longer be treated appropriately. Also losing will be the U.S. Futures industry, whose standards will become that much more lax.

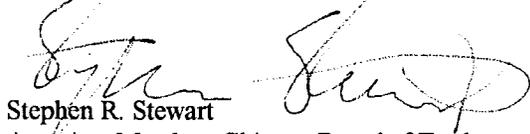
Sincerely,



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