

James H. Lindau
President &
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MINNEAPOLIS GRAIN EXCHANGE

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October 7, 1998

Certified Mail

Ms. Jean A. Webb
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

COMMENT

RE: Foreign Board of Trade Terminals

Dear Ms. Webb:

As an interested party, the Minneapolis Grain Exchange ("MGE" or "Exchange") respectfully submits the following comments regarding the concept release on the placement of computer terminals in the United States ("U.S.") by foreign boards of trade.

The Exchange believes that the Commission should provide necessary protections to domestic customers while at the same time ensuring that its decisions will not harm the integrity of the U.S. markets. In reviewing the concept release concerning this issue, the Exchange differs with the Commission on the requirements foreign boards of trade may need to meet or exceed, prior to being granted permission to place their terminals in the U.S.

As a contract market, the Exchange must comply with all requirements of the Commodity Exchange Act ("CEAct"), as amended, and all applicable regulations promulgated thereunder. Consequently, the Exchange spends significant resources throughout the course of a given year to ensure the MGE is in compliance with the CEAct. The Exchange believes that if foreign boards of trade want to place their terminals in the U.S., they should be held to comparable standards as domestic exchanges which are designated as contract markets prior to placing their computer terminals in the U.S. Requiring foreign boards of trade to meet the standards necessary to be designated as a contract market would create a level playing field between domestic and foreign boards of trade who wish to place their terminals within the U.S., as well as allow the Commission further oversight to help maintain market integrity and protect U.S. customers trading on those foreign exchanges. Finally, if a foreign board of trade meets the comparable standards to those of domestic exchanges, the Exchange suggests approving, and monitoring the specific locations where it places computer terminals.

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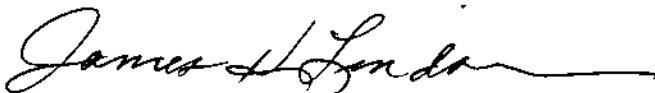
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The Exchange is also concerned about the approval process domestic exchanges may encounter when attempting to place their terminals in foreign countries. Although the Commission attempted to provide some detail within the federal register release concerning the approval processes of foreign countries, more information is needed before a decision can be made. Perhaps there should be a reciprocity agreement or similar assurances that a foreign country could not reject a request by a domestic exchange to place its terminals in the foreign country simply for political reasons if an exchange from that country was approved by the Commission to have terminals within the U.S. Consequently, due to the uncertainty with foreign countries approval processes and the instability of some foreign governments, the Exchange cautions the Commission to be thorough in its evaluation prior to approving terminal placement by foreign boards of trade in the U.S.

Additionally, the Exchange agrees with the Commission that the definition of a computer terminal should be broad enough to include all forms of current technology as well as any future technology which may allow customers within the U.S. to place orders directly with a foreign board of trade. The Exchange believes that the term "computer terminal" should include any type of technology which would allow domestic customers to place orders or requests directly with a foreign board of trade.

In summary, in making its decision as to the requirements foreign boards of trade would need to meet for placing their terminals in the U.S., the Commission should be careful not to give the domestic futures and options markets away to foreign boards of trade. This could happen if the Commission does not hold foreign boards of trade that wish to place computer terminals in the U.S. to the same regulatory requirements as domestic exchanges. If a foreign board of trade is allowed to place its terminals in the U.S. without the same level of oversight as a domestic exchange, who will watch out for the domestic customers who trade these markets? If you have any questions with respect to these comments, please contact Mark G. Bagan, Vice President, Market Regulation at (612) 321-7166.

Sincerely,

A handwritten signature in cursive script, appearing to read "James H. Lindau", with a long horizontal flourish extending to the right.

James H. Lindau