



THE TOKYO INTERNATIONAL FINANCIAL FUTURES EXCHANGE

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Tuesday 20 April 1999

Ms. Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

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COMMERCIAL

Re: Access to Automated Board of Trades

**COMMENT**

Dear Ms. Webb:

Tokyo International Financial Futures Exchange makes our comment on the proposed rules, which is published by the Commodity Futures Trading Commission in the Federal Register on March 24, 1999.

US approval/licensing requirements for cross-border electronic trade execution systems should only apply to those Non-US exchanges that seek to locate their "Direct Execution System (DES)" in the jurisdiction of US regulator. A Non-US exchange that does not seek to locate DES in the jurisdiction of US regulator should not be subject to US approval/licensing requirements merely because its products may be accessed by the customer in the US from the FCM provided/controlled cross-border "Automated Order Routing System (AORS)".

Especially, if a Non-US exchange provides an interface between its trading terminals and members' own systems within its domiciling country without having any hardware and software within the US jurisdiction, US approval/licensing requirements should not be applied. The reason is that this interface is beneficial and cost effective for all FCMs, and it contributes significantly to strengthen the competitiveness of futures industry itself. Therefore proposed new rule will damage benefits and competitiveness of all FCMs and futures industry itself, especially under the circumstances that the competition between futures business and OTC derivatives business is so fierce.

We look forward to a positive response for our request to preserve competitiveness of futures industry.

Sincerely,

Yasuhiko Kato  
Senior Managing Director  
Tokyo International Financial Futures Exchange

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