



TOKYO STOCK EXCHANGE

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MITSUHIDE YAMAGUCHI
PRESIDENT & CEO

1999 APR 26 P 3:00

SECRETARY GENERAL

April 22, 1999

Ms. Jean A. Webb
Secretary of the Commission
Commodity Futures Trading Commission
1155 21st Street, N.W.,
Washington, D.C. 20581
U.S.A.

99-11
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COMMENT

Re: Proposed Rules concerning "Access to Automated Boards of Trade"

Dear Ms. Webb,

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 "Access to Automated Boards of Trade" the CFTC's release dated March 16, 1999.

From a global point of view, 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. Because these order-routing means are essentially identical, it seems to us that there is no reason to regulate a foreign board of trade simply because orders are transmitted through AORS, as defined in your proposed regulation.

In addition, we believe that a foreign board of trade does not generally have regulatory authority over such AORS. Therefore, we deem it obviously excessive for the CFTC to regulate a foreign board of trade for such AORS used among intermediaries, etc. in the name of protecting U.S. customers.

Moreover, the existing CFTC regulations have already included a foreign board of trade's obligation to receive a no-action-letter position for its products being permitted for U.S. investors, and an obligation to receive exemption under Rule 30.10 for foreign firms outside the U.S to solicit or accept orders directly from the U.S. customers. Accordingly, it seems excessive to impose the proposed regulation upon a foreign board of trade in addition to these existing obligations.

Taking into consideration the afore-mentioned points, we are concerned that the proposed regulation could critically hamper the development of electronic derivatives trading that contributes to the convenience of investors.

It is difficult to sufficiently evaluate the proposed specific criteria, the conditions of the CFTC order, and other important items within the rather short comment period of thirty days. In the least, however, we would like to mention the following concern: According to the proposed conditions of the order, as long as a board of trade operates pursuant to the order, it irrevocably agrees and submits to the U.S. jurisdiction with respect to its activities conducted under the order by filing a written representation with your organization. But we deem that the scope of such activities is not defined specifically at all in the proposed regulation. Therefore, we think that such condition that would be uniformly imposed upon foreign boards of trade is one-sided and ultimately unacceptable.

Recently, some U.S. boards of trade have placed computer terminals which provide direct electronic access to their markets within Japan. If the proposed regulation were implemented as it is, we are afraid that a gap between the degree of the Japanese regulation upon electronic access to U.S. boards of trade from within Japan and that of U.S regulation upon a contrary case may arise. Considering the increase of cross-border transactions, global competition should be promoted properly and fairly.

In summary, we believe that overall, the proposed regulation is rather excessive for foreign boards of trade, and that efforts should be directed to make the level of regulation of cross-border transactions internationally harmonious.

Thank you very much for considering the above comments.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "M. Yamaguchi".