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April 23, 1999

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

COMMENT

99-11
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Re: Proposed Rules Governing Electronic Access to Automated Boards of Trade

Dear Ms. Webb:

In response to the proposed rules promulgated on March 16, 1999 by the Commodity Futures Trading Commission ("CFTC") intended to govern electronic access to overseas futures exchange (the "Proposed Rules"), Renaissance Technologies Corp. ("Renaissance") and TCA Futures LLC respectfully submit the following comments. Renaissance, an investment manager registered as a commodity pool operator and commodity trading adviser with over \$1.5 billion under management, and TCA Futures LLC, a registered futures commission merchant ("FCM"), previously submitted a comment letter in connection with the CFTC concept release which preceded the Proposed Rules.

As a significant end user of the products offered by the overseas trading markets which are the subject of the Proposed Rules, we need access to the most efficient and expedient instrumentalities available for trading on foreign markets. Having previously commented on this subject, and having reviewed the Proposed Rules and attended the CFTC Roundtable on April 20, 1999, we are firmly of the opinion that the Proposed Rules are excessively burdensome and duplicative of safeguards already in place. We believe that, if enacted in their present form, the Proposed Rules would unduly restrict access to foreign markets by U. S. participants, the net effect of which would be to cause the more substantial industry participants to move some or all of their trading activities offshore, and to preclude smaller participants from trading in these markets efficiently, or not at all.

The Proposed Rules would put U.S. market participants at a severe competitive disadvantage vis-à-vis our foreign counterparts who have direct access to trading these markets via electronic means. If we continue to conduct our business solely in the U.S., we will lose our competitive edge in so far as we will be forced to do circuitously what offshore traders can do directly. It is counterintuitive that a trade for a contract that could

today be done by a telephone call to a foreign broker or affiliate should be subject to higher regulatory scrutiny simply because it is entered electronically. If a futures trade is permissible there is no legitimate regulatory purpose to be served by erecting barriers to the use of all available technology. In fact, trading through electronic media actually enhances the compliance function, by providing state-of-the-art tools for monitoring and audit trail purposes.

Unless the CFTC radically streamlines its procedures to facilitate rather than impede electronic access to foreign futures markets, the inevitable result will be flight from the U.S. of non-U.S. investors to jurisdictions that are more hospitable to technological advances. The CFTC's regulatory interests are already adequately addressed by requirements that all electronic trading be routed through a duly registered FCM or rule 30.10 firm. This enables the CFTC to maintain adequate oversight of foreign exchange trading by U.S. persons, which oversight capability would be lost if U.S. investors were compelled to bypass U.S. FCMs by going offshore to pursue their trading objectives.

Sophisticated global market participants must seek efficiencies in order to remain competitive and will use whatever resources may be available in any jurisdictions that will accommodate their exigencies. Institutional investors already conduct their own risk analyses when trading on a foreign market or when engaging in transactions with foreign counterparties or clearing brokers, and do not need the CFTC to act as guarantor of comparability to U. S. norms on their behalf.

We support the Futures Industry Association's proposal for an interim order as described in its comment letter dated April 19, 1999, and the goals espoused by Commissioner Barbara Holum in her March 30, 1999 memorandum. We believe that the CFTC should allow the marketplace to respond efficiently by allowing investors the flexibility to make the most effective use of the then-available technology without tying the regulatory scheme to specific constructs, which will rapidly become obsolete;

Yours very truly,



Mark Silber
Vice President, Renaissance Technologies Corp.
President, TCA Futures LLC