

FINANS- INSPEKTIONEN

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Securities Market Department

29-04-1999

Ref. 2235-99-003

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

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OFFICE OF THE SECRETARIAT

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COMMENT

Dear Ms Webb,

Re: Proposed rules concerning order routing and electronic access to futures exchanges operating primarily outside the U.S.

Thank you for the invitation to comment on the above rules. Unfortunately, the reply from Finansinspektionen (the Financial Supervisory Authority) will reach the CFTC behind time and we would like to apologize for the delay. However, as we feel that it is of great importance to comment on the above matter, we hope that the delay will not cause you too much trouble.

Finansinspektionen is aware of the fact that comments on the matter also has been presented by FESCO, the Forum of European Securities Commissions. As a member of FESCO, we do of course also support the comments made by that organisation. The below comments are thus additional and are to some extent the result of the replies from the Swedish Securities Dealers' Association and the Swedish Ministry of Finance which were the bodies to which the proposed rules was referred to for consideration.

The conditions concerning jurisdiction and the appointment of an agent seems somewhat far-reaching.

A proposed condition of an order is that the board of trade must file with the Commission a written representation stating that, as long as the board of trade operates pursuant to the order, the board of trade agrees to and submits to the jurisdiction of the Commission and state and federal courts in the United States with respect to the board of trade's activities conducted under the exemption order.

Our understanding of the foregoing condition is that it covers everything under an order e.g. the trading. Furthermore, the condition seems to apply to the individual counterparties and not only towards the authority. Will it be possible to maintain a

provision in a registration agreement between a Swedish exchange and a Swedish company stating that disputes shall be solved by a Swedish court? It seems reasonable that American law is applicable regarding the permit to act in the United States. American law must not, however, be applied in the relationship between the non-American market place and its member even if the member is American.

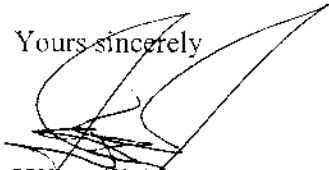
The condition concerning appointing an agent does not contain a limit regarding the content of a summons. This seems to be a rather far-reaching condition.

According to the proposed rules, the Commission has determined to require that petitioners provide information concerning their membership rules. An important issue seems to be that the trades of U.S. customers must be intermediated by a FCM or by a Rule 30.10 firm even if the order is entered on a non-American exchange. In Sweden, it is becoming more frequent with systems where the investors have direct access to the exchange. Our opinion is thus that the customer protection issue may be solved in many ways and does not have to include a requirement stating that an intermediary shall be involved.

To require SEC's approval of single foreign government debt obligation for distance trading seems to set the standards rather high.

One requirement is that only contracts lawful in the United States may be intermediated. This is a major restriction in the board of trades' possibilities to offer American members access to all their products. As a consequence, a control mechanism must be installed in the board of trade's systems to prevent that American members trade in products which do not fulfill American standards.

Yours sincerely



Håkan Klahr
Head of the Securities Market Department