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October 12, 1999 SECRETARIAT

COMMENT

Via Facsimile

Jean Webb, Secretariat,
Commodity Futures Trading Commission
Three Lafayette Centre,
1155 21st Street, N.W.,
Washington, D.C. 20581.

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Re: Petition of the Chicago Board of Trade, the Chicago Mercantile Exchange and the New York Mercantile Exchange for Exemption Pursuant to Section 4(c) of the Commodity Exchange Act, 64 Fed. Reg. 46356 (August 25, 1999)

Dear Ms. Webb:

On behalf of Cantor Fitzgerald, L.P. and its group of companies ("Cantor Fitzgerald"), we are pleased to respond to the request (the "Request for Comment") of the Commodity Futures Trading Commission (the "Commission") for comments regarding the above-referenced petition of the Chicago Board of Trade, the Chicago Mercantile Exchange and the New York Mercantile Exchange (collectively, the "Petitioners").

Cantor Fitzgerald, in a venture with the New York Board of Trade, has established the Cantor Financial Futures Exchange, Inc., the first full-time electronic futures exchange in the United States. Through its affiliates in the United States and abroad, Cantor Fitzgerald is also a participant in several domestic and foreign futures exchanges. Cantor Fitzgerald operates the world's largest interdealer electronic marketplace for debt securities and is also one of the largest "third market" equity operations in the U.S. stock market. Headquartered in New York City, Cantor Fitzgerald currently employs more than 2,300 people in offices throughout the United States, Canada, Europe and Asia, serving the world's largest banks and broker dealers.

Cantor Fitzgerald endorses the objective of promoting competition between futures exchanges in the U.S. and abroad. As set forth in greater detail in the following

paragraphs, we believe that exemptive relief in favor of U.S. contract markets is appropriate and necessary to the extent that it enhances the efficiency of futures markets without undermining the need for customer protection and other interests of market participants. Of course, any relief granted in response to the above-referenced petition should apply equally to all U.S. futures exchanges.

A. Contract Market Designation Process for New Contract Submissions

We support the proposal to exempt boards of trade already designated by the Commission as contract markets from complying with the contract market designation process for new contract submissions. The detailed procedure set forth in Sections 5 and 6 of the Commodity Exchange Act establishes necessary safeguards that need to be satisfied before a new exchange can be permitted to commence operations. The subsequent addition of new futures contracts for trading on an existing exchange does not raise the same issues and concerns as the initial approval. In our view, the marketplace and not the Commission is the best place to decide which contracts best serve customers' needs. The benefit of Commission approval does not outweigh the impact that delay may have on competition.

B. Review of New Rules or Rule Amendments

We share the Petitioners' concern about the time delays and administrative burdens resulting from the current procedure for approving new rules or rule amendments of contract markets. However, with respect to many new rules and rule amendments, we believe that the Commission is serving a valuable reviewing and policing function before they become effective. This pre-review promotes the integrity of U.S. futures markets. We therefore do not believe that with respect to rules of economic significance it would be appropriate to substitute a mere notification obligation for the current review process. Based on our experience, it is more important, and should be sufficient, to accelerate the review process. In particular, since comments on such new rules or rule amendments often appear to be motivated by fear of innovation or competition rather than by substantive concerns, we would recommend that the requirement for public comment on certain of these rule proposals be eliminated.

C. Immediate Adoption and Implementation of Contract Market Trading Rules and Procedures That Are Comparable to Those of Competing Foreign Exchanges

In our view, there is no compelling reason to establish a mechanism whereby trading rules and procedures of foreign exchanges would be automatically "imported" into the United States. We believe, however, that the rules and procedures in place on competing foreign exchanges should be taken into account in connection with

applications for approvals of similar rules by U.S. exchanges. While we do not recommend that these similar rules be automatically approved, competitive forces should require prompt attention from the Commission.

Cantor Fitzgerald appreciates the opportunity to respond to the Request for Comment. We of course stand ready to provide any further assistance which may be helpful to the Commission in its consideration of the matters referenced above.

Sincerely,



Stephen M. Merkel
Senior Vice President
General Counsel and Secretary