

FINANCIAL INFORMATION SHARING
MEMORANDUM OF UNDERSTANDING

ARTICLE I: GENERAL

The United States Commodity Futures Trading Commission ("CFTC"), an independent regulatory agency of the U.S. government, the Securities and Investments Board ("SIB"), a "designated agency" to which statutory powers have been transferred under the Financial Services Act of 1986 ("FSA") of the government of the United Kingdom and the self-regulatory organizations in the United States ("U.S. SROs") and in the United Kingdom ("U.K. SROs"), as defined in Article II and subscribed hereto, have reached the following understanding with respect to futures commission merchants ("FCMs") that are applicants or designated members, as defined in Article II.

Section 50 of the FSA and parallel provisions in the Rulebooks of the U.K. SROs provide authority for the SIB or a U.K. SRO to waive application of those Financial Regulation Rules that deal with capital adequacy, where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to customers. As part of their responsibilities under the Commodity Exchange Act ("CEA"), the CFTC and U.S. SROs monitor the capital adequacy of the aforesaid FCMs consistent with financial requirements promulgated under the CEA, and parallel financial requirements of the U.S. SROs, which have been approved by the CFTC. In consideration of these responsibilities, the

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applicability of such requirements and the understanding with respect to the exchange of information set forth below, the SIB and the U.K. SROs will not require designated member FCMs to comply with their respective capital adequacy requirements and any reporting standards relating solely to the measure or maintenance of capital adequacy. This understanding does not prevent a party from requesting other information from a designated member or the other parties hereto.

ARTICLE II: DEFINITIONS

1. For purposes of this Financial Information Sharing Memorandum of Understanding ("FISMOU"):

- (a) "Applicant" means an FCM registered with the CFTC that is a member of a U.S. SRO that is a party to this FISMOU, that is a person that has requested authorization from its relevant U.K. regulator to establish a branch or to otherwise carry on an investment business in the United Kingdom ("U.K.") and that has requested that those Financial Regulation Rules that deal with capital adequacy be waived by the SIB and the relevant U.K. SRO. In order to be an applicant, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.

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- (b) "Designated member" means an FCM registered under the CEA that is a member of a U.S. SRO that is a party to this FISMOU, that has a branch or otherwise carries on an investment business in the U.K., that is an authorized or interim authorized person under the FSA for which those Financial Regulation Rules that deal with capital adequacy have been waived by the SIB or the relevant U.K. regulator. In order to be a designated member, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.
- (c) "Designated U.S. self-regulatory organization" or "designated U.S. SRO" means a U.S. SRO that has primary responsibility for examining a member FCM for compliance with minimum financial and related reporting requirements under CFTC oversight (i) pursuant to Section 4f(2) of the CEA and Rule 1.52 promulgated thereunder, and in accordance with a joint audit plan approved by the CFTC under that rule, or (ii) because the member FCM is a member solely of that U.S. SRO.
- (d) "Form 1-FR-FCM filing" means the financial report filed pursuant to Rule 1.10 under the CEA by an FCM on at least a semiannual basis with its designated U.S. SRO.

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- (e) "Joint Audit Committee" means that certain committee of representatives of all U.S. SROs which was established to coordinate audit and financial surveillance, plans, policies and procedures, particularly with respect to FCMs that are members of more than one U.S. SRO.
- (f) "Relevant U.K. regulator" means (i) where the FCM has been authorized under the FSA through membership in a single U.K. SRO, the U.K. SRO of which the FCM is a member, (ii) where the FCM has been authorized under the FSA through membership in more than one U.K. SRO, the U.K. SRO that the U.K. SROs have agreed should be the recipient of information under this FISMOU, or (iii) the SIB, where the FCM has been interim authorized or authorized by SIB under the FSA.
- (g) "Rule 1.12 telegram" means the telegraphic or written notice filed by an FCM with its designated U.S. SRO and the CFTC pursuant to Rule 1.12 promulgated under the CEA if the FCM's (i) adjusted net capital falls below the minimum required by an applicable capital rule, (ii) adjusted net capital falls below 150 percent of the minimum required by an applicable capital rule, (iii) books and records are not current, (iv) accounting system, accounting controls, procedures for safeguarding customer and firm assets or the practices and procedures specified in Rule 1.16(d)(1) promulgated under the CEA, contain a material inadequacy, as

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defined in Rule 1.16(d)(2) promulgated under the CEA, or (v) carried accounts include an account which is undermargined by an amount which exceeds the firm's adjusted net capital.

- (h) "U.S. self-regulatory organization" or "U.S. SRO" means the Board of Trade of the City of Chicago, the Chicago Mercantile Exchange, the Commodity Exchange, Inc., New York Mercantile Exchange, National Futures Association or any other self-regulatory organization as defined in Rule 1.3(ee) promulgated under the CEA that becomes a party to this FISMOU in accordance with Article VII.
- (i) "U.K. self-regulating organisation" or "U.K. SRO" means the Association of Futures Brokers and Dealers, The Securities Association or any other self-regulating organisation that has been recognized pursuant to Section 10 of the FSA and is or becomes a party to this FISMOU in accordance with Article VII.

ARTICLE III: EXCHANGE OF INFORMATION

1. (a) Each U.S. SRO will provide to the relevant U.K. regulator, commencing with the first filing due after the effective date hereof as to that U.S. SRO, as promptly as practicable after receipt of the relevant report, the following information with respect to a designated member for which it is the designated U.S. SRO.

- (i) Copies of the cover sheet used by the U.S. SRO in its review of each Form 1-FR-FCM filing. The U.S. SRO will

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represent that it has reviewed the Form 1-FR-FCM filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO also will provide a copy of the Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams.

(iii) Notification if the designated member is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

(b) Each U.S. SRO will provide the relevant U.K. regulator as promptly as practicable upon request the following information with respect to an applicant for which it is the designated U.S. SRO.

(i) Copies of the cover sheet used by the U.S. SRO in its review of the most recent Form 1-FR-FCM filing. The U.S. SRO will represent that the copy provided is the cover sheet with respect to the most recent Form 1-FR-FCM filing, that it has reviewed such filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the

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minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO will also provide a copy of the most recent Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams since the "as of" date of the most recent 1-FR-FCM filing.

(iii) Notification if the applicant is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

2. (a) Notwithstanding any other provision of this FISMOU, if information is provided by a U.S. SRO to the relevant U.K. regulator pursuant to paragraph 1(a) of this Article III, such information need not be provided by that U.S. SRO to any other U.K. SRO or U.K. regulator; provided further, however, that subject to Article IV, such U.K. SRO directly may furnish such information to another U.K. SRO or U.K. regulator.

(b) If any relevant U.K. regulator agrees to indemnify any regulatory or self-regulatory authority in the United States or any other country in connection with the receipt of information or representations similar to that described in paragraphs 1(a) or 1(b) of this Article III, the relevant U.K. regulator must make such indemnity arrangement available to each U.S. SRO providing it with information under paragraphs 1(a) or 1(b) of this Article III.

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3. (a) The CFTC will use its best efforts to notify the SIB if it becomes aware, through a U.S. SRO or otherwise, that an event has occurred that, in the sole judgment of the CFTC, materially and adversely affects the financial or operational viability of an applicant or a designated member.

(b) The relevant U.K. regulator will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of a substantial financial, operational or other problem at a United Kingdom branch of, or as a result of investment business conducted in the U.K. by, a designated member. The CFTC may make information received pursuant to this paragraph available to a U.S. SRO.

(c) The SIB or the relevant U.K. SRO will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of any information which in its respective judgment affects the financial or operational viability of a U.K.-domiciled firm doing business in the U.S. under a comparability exemption granted pursuant to Rule 30.10 promulgated under the CEA which may defer to the financial regulation rules of the SIB and the relevant U.K. SRO. The CFTC may make information received pursuant to this paragraph 3(c) available to National Futures Association.

4. Where an indemnity, or other mutually acceptable arrangement, for protecting the exchange of information is in place between a designated U.S. SRO and a relevant U.K. SRO, notification, information, and representations by the relevant

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U.K. SRO under paragraphs 3(b) of this Article III, and notification and information as to an event which in a designated U.S. SRO's sole judgment materially and adversely affects the financial or operational viability of an applicant or designated member also may be exchanged directly between the designated U.S. SRO and relevant U.K. SRO. A copy of the applicable agreement will be provided to the CFTC by the designated U.S. SRO and to the SIB by the relevant U.K. SRO.

5. Where SIB or a U.K. SRO intends to take action in relation to a designated member or an applicant on the basis of information supplied by the CFTC, or a designated U.S. SRO, pursuant to this FISMOU, SIB or such U.K. SRO, as appropriate, will to the extent practicable give prior notice to the CFTC and the designated U.S. SRO.

ARTICLE IV: CONFIDENTIALITY OF INFORMATION

1. (a) Each party to this FISMOU has advised the other parties of the rules, regulations and procedures which govern the maintenance of confidentiality of information exchanged hereunder. Each party will comply with its procedures for maintaining confidentiality and will advise the SIB or the CFTC as appropriate of any changes therein.

(b) Each party to this FISMOU will keep confidential to the extent permitted by law any information exchanged between the parties pursuant to this FISMOU under Article III, provided that such information may be disclosed in appropriate circumstances in accordance with this FISMOU and otherwise under applicable law to

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any person associated with or employed by the U.S. Congress, CFTC, SIB, Bank of England, the U.K. Department of Trade and Industry [Insurance Division] (U.K.), the Serious Fraud Office (U.K.), Board of Governors of the Federal Reserve System, U.S. Department of the Treasury, U.S. Department of Justice, U.S. Securities and Exchange Commission, U.S. Securities Investor Protection Corporation, a receiver, any agency of the federal government or of a state government in the U.S., U.S. self-regulatory organizations (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisations (that are recognized pursuant to Section 10 of the FSA) pursuant to their use for the purpose of:

- (i) securing compliance with or enforcement of or conducting any investigation relating to the statutes, rules and requirements of the United States or the United Kingdom or the rules of the U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) or
- (ii) conducting a civil or administrative enforcement or receivership proceeding or other U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) disciplinary proceeding, assisting in a criminal

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prosecution, or conducting any investigation related thereto for any possible violation related to the statutes, rules or requirements specified in subparagraph 1(b)(i) of this Article IV.

(c) The SIB will keep confidential and will not disclose to other parties to this FISMOU or otherwise any information received from the CFTC pursuant to this FISMOU under paragraph 3(a) of Article III, provided that such information may be disclosed in connection with an adjudicatory action or proceeding brought under the laws of the U.K. or the rules and requirements of the SIB in the U.K. or the SIB is a party thereto or, provided further, that such information may be provided by the SIB to a U.K. SRO if applicable U.S. and U.K. law permits or if the designated member provides such consents to the CFTC and the SIB as may be legally effective to permit such disclosure.

2. Except as contemplated in paragraph 1(b) of this Article IV, if any party to this FISMOU receiving information pursuant to this FISMOU becomes aware that such information has been received by any person that is not a party to this FISMOU, it shall inform the party providing the information and will thereafter use its best efforts to ensure that such information will not be used in any way that involves disclosure not permitted by this FISMOU.

3. If a party which receives information pursuant to this FISMOU receives any legally enforceable demand for such information, such party will to the best of its ability, prior to complying with the demand, promptly notify the party who provided such

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information, and assert appropriate legal exemptions or privileges with respect to such information as may be available.

4. Upon the execution of this FISMOU, the CFTC and the SIB will exchange lists of the designated members and applicants and the designated U.S. SRO and relevant U.K. regulator with respect to each. Thereafter, the SIB and CFTC will report any changes as to the relevant U.K. regulator and the designated U.S. SRO. When an applicant applies to a relevant U.K. regulator for a waiver of its financial regulation rules, the relevant U.K. regulator will advise the CFTC and the designated U.S. SRO reported by the applicant. The designated U.S. SRO will confirm in writing to the SIB its status as such.

ARTICLE V: LIMITATIONS OF LIABILITY

1. The parties to this FISMOU and their respective commissioners, directors, officers, employees or agents shall not be liable to the other parties to this FISMOU and their respective commissioners, directors, officers, employees or agents for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information or any representation regarding that information as provided hereby or the failure to provide any such information or representation. It is understood that the information is being supplied on a best efforts basis and no warranties, expressed or implied, are made by the parties with respect to the information to be furnished hereunder.

2. The provisions of this FISMOU shall not give rise to the right on the part of any non-party to this FISMOU, directly or indirectly, to obtain any information or to challenge the execution of a request for information or the furnishing of any information or representation under this FISMOU. Nothing in this FISMOU shall entitle any person, entity or government authority to any rights as a third party beneficiary.

ARTICLE VI: DISPUTES AND CONSULTATIONS

1. The parties will engage in consultations with respect to this FISMOU with a view to improving its operation and resolving any issues that may arise. The parties will also use their best efforts to notify each other of significant financial rule changes.

2. Except for the limitation on disclosure of information set forth in paragraph 1(c) of Article IV of this FISMOU, any of the conditions of this FISMOU may be amended, relaxed or waived by mutual agreement of the CFTC, SIB, the relevant U.K. regulator and the designated U.S. SRO. Any such amendment, relaxation, or waiver shall be confirmed in writing among the affected parties as soon as practicable.

ARTICLE VII: EXECUTION

1. This FISMOU will be effective from the date of its execution by the SIB, the CFTC and any U.S. SRO and relevant U.K. SRO; thereafter, it shall be effective as to each U.S. SRO or U.K. SRO from the date of its execution by such U.S. SRO or U.K. SRO.

2. Any U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) may become a party to this FISMOU by executing a counterpart hereof together with the CFTC and SIB and providing notice to the other U.S. SROs and U.K. SROs thereof that are parties to this FISMOU. The executed counterpart shall be deemed to be a part of the original FISMOU.

ARTICLE VIII: CONTACT OFFICERS

Information shall be exchanged pursuant to this FISMOU through the contact officers identified in Appendix A or their designees.

ARTICLE IX: TERMINATION

Any party may terminate its participation in this FISMOU provided it furnishes the other parties with at least 120 days prior written notice.

DATED this 1st day of Sep., 1988

United States Commodity
Futures Trading Commission

by Kendy L. Garam

Board of Trade of the City
of Chicago

by _____

Chicago Mercantile Exchange

by _____

Securities and Investments
Board

by _____

The Association of Futures
Brokers and Dealers Limited

by _____

The Securities Association
Limited

by _____

Commodity Exchange, Inc.

by _____

New York Mercantile Exchange

by _____

National Futures Association

by _____

Investment Management
Regulatory Organisation Ltd.

by _____

APPENDIX A

CONTACT OFFICERS

United States Commodity Futures Trading Commission
2033 K Street N.W.
Washington, D.C. 20581
U.S.A.
Attention: Director, Division of Trading and Markets
Telephone (202) 254-8955 or 254-6488 Fax (202) 254-6265

Securities and Investments Board
3 Royal Exchange Buildings
London EC3V 3NL
England
Attention: Director, Regulation
Telephone 01 283-2474 Fax 01 929-0433

Board of Trade of the City of Chicago
141 West Jackson Boulevard
Chicago, Illinois 60604
U.S.A.
Attention: Administrator, Office of Investigations and Audits
Telephone (312) 435-3659 Fax (312) 435-7170

Chicago Mercantile Exchange
30 South Wacker Drive
Chicago, Illinois 60606
U.S.A.
Attention: Vice President, Audit Department
Telephone (312) 930-3230 Fax (312) 930-3187

Commodity Exchange, Inc.
Four World Trade Center
New York, New York 10048
U.S.A.
Attention: Vice President, Compliance
Telephone (212) 938-2943 Fax (212) 432-1154

The Association of Futures Brokers and Dealers Limited
B Section 5th Floor Plantation House
5-8 Mincing Lane
London EC3M 3DX
England
Attention: Head of Enforcement
Telephone 01 626-9763 Fax 01 626-9760

The Securities Association Limited
The Stock Exchange Building
London EC2N 1EQ
England

Attention: Director of Enforcement
Telephone 01 256-9000 Fax 01 628-1052

New York Mercantile Exchange
Four World Trade Center
New York, New York 10048
U.S.A.

Attention: Vice President, Financial Surveillance
Telephone (212) 938-2238 Fax (212) 938-7954

National Futures Association
200 West Madison Street
Chicago, Illinois 60606
U.S.A.

Attention: Vice President-Compliance
Telephone (312) 781-1320 Fax (312) 781-1467

Investment Management Regulatory Organisation Limited
Centre Point
103 New Oxford Street
London WC1A 1PT
England

Attention: Director of Membership
Telephone 01 379-0601 Fax 01 379-4121

EXHIBIT 1

[Relevant U.K. Regulator]
[Designated U.S. SRO]
[CFTC]

Re: Waiver of Financial Requirements

Dear [appropriate official]:

Company is a registered futures commission merchant in the United States with a branch office in the United Kingdom. Our current designated self-regulatory organization ("SRO") is _____. The Company wishes to continue to engage in business in the United Kingdom without being subject to the financial regulation rules of the Financial Services Act of 1986 ("FSA"). Section 50 of the FSA and parallel provisions in the rulebooks of the U.K. SROs provide authority for the Securities and Investments Board ("SIB") or U.K. SRO to waive application of those financial regulation rules where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to investors.

Company recognizes the SIB's and U.K. SROs' obligations to assure that entities operating in the United Kingdom are fit and proper to do so. Company understands that the SIB, the Commodity Futures Trading Commission ("CFTC"), certain U.S. SROs and

certain U.K. SROs have entered into a Financial Information Sharing Memorandum of Understanding ("FISMOU"). Company also understands that the FISMOU is intended to establish a lead regulator structure whereby the SIB and/or the U.K. SROs will waive their financial regulation rules and will rely instead on certain information supplied by our designated self-regulatory organization, which may change from time to time, to assure themselves that it is appropriate for Company to continue to operate its U.K. branch office. Such information will consist of reviews of periodic financial reports, early warning notices, notification of high risk classification, and any other information reasonably related to the financial condition of Company or any affiliate or subsidiary for which it files consolidated financial statements requested by the SIB and/or U.K. SROs.

In consideration of the relevant U.K. regulator waiving its relevant financial regulation rules, the Company hereby:

(1) consents to the release of information and representations regarding that information made pursuant to the FISMOU with respect to itself and any affected subsidiaries or affiliates for which it files consolidated financial statements, (2) represents that it will not, and such subsidiaries and affiliates will not, assert any claim of any kind against any of the parties to the FISMOU for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information pursuant

to the FISMOU, the improper use of the information, any representations regarding that information, the failure to provide any such information or representation, or the release of any such information or representation, and (3) agrees to indemnify and hold harmless its designated U.S. SRO, and any successor thereto, for any judgment, settlement, award, fine, penalty or other expense (including attorney's fees and costs) incurred by such designated U.S. SRO in any action, claim or controversy against such designated U.S. SRO in whole or in part arising out of the provision of information under the FISMOU, any delays, inaccuracies, errors or omissions with respect to such provision of information, any representation regarding that information as provided under the FISMOU, the improper use of the information, or the failure to provide any such information or representation; Provided, however, that no settlement shall be made by such U.S. SRO in any such action, claim or controversy without the prior written consent of the Company; and Provided further, that the Company may assume, at its sole expense, the defense or representation of the U.S. SRO in any such action, claim or controversy upon a showing, satisfactory to the U.S. SRO, that the Company is and will remain able to satisfy all expenses (as hereinabove defined) that may be incurred by the U.S. SRO as a result of such action, claim or controversy.

Subject to the provisions of Article IV, the Company hereby consents, to the extent of its legal capacity, that information provided about its financial viability under paragraph 3(a) of

Consent Letter
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Article III of the FISMOU by the CFTC to the SIB that does not involve the disclosure of customer positions or other information protected by Section 8 of the Commodity Exchange Act may be disclosed by SIB to a U.K. SRO.

We trust that the information contained herein is sufficient to permit the granting of the waiver to Company of the financial regulations that deal with capital adequacy. If you need any further information, please feel free to contact _____.
Thank you for your attention to this matter.

Very truly yours,

Appropriate Officer With
Authority to Act for the Firm

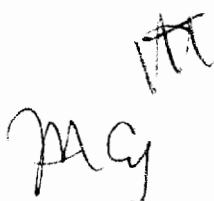

cc: Andrea M. Corcoran, CFTC
Designated U.S. SRO

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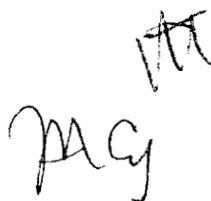
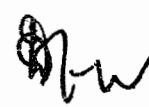


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- (e) "Joint Audit Committee" means that certain committee of representatives of all U.S. SROs which was established to coordinate audit and financial surveillance, plans, policies and procedures, particularly with respect to FCMs that are members of more than one U.S. SRO.
- (f) "Relevant U.K. regulator" means (i) where the FCM has been authorized under the FSA through membership in a single U.K. SRO, the U.K. SRO of which the FCM is a member, (ii) where the FCM has been authorized under the FSA through membership in more than one U.K. SRO, the U.K. SRO that the U.K. SROs have agreed should be the recipient of information under this FISMOU, or (iii) the SIB, where the FCM has been interim authorized or authorized by SIB under the FSA.
- (g) "Rule 1.12 telegram" means the telegraphic or written notice filed by an FCM with its designated U.S. SRO and the CFTC pursuant to Rule 1.12 promulgated under the CEA if the FCM's (i) adjusted net capital falls below the minimum required by an applicable capital rule, (ii) adjusted net capital falls below 150 percent of the minimum required by an applicable capital rule, (iii) books and records are not current, (iv) accounting system, accounting controls, procedures for safeguarding customer and firm assets or the practices and procedures specified in Rule 1.16(d)(1) promulgated under the CEA, contain a material inadequacy, as

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defined in Rule 1.15(d)(2) promulgated under the CEA, or (v) carried accounts include an account which is undermargined by an amount which exceeds the firm's adjusted net capital.

- (h) "U.S. self-regulatory organization" or "U.S. SRO" means the Board of Trade of the City of Chicago, the Chicago Mercantile Exchange, the Commodity Exchange, Inc., New York Mercantile Exchange, National Futures Association or any other self-regulatory organization as defined in Rule 1.3(ee) promulgated under the CEA that becomes a party to this FISMOU in accordance with Article VII.
- (i) "U.K. self-regulating organisation" or "U.K. SRO" means the Association of Futures Brokers and Dealers, The Securities Association or any other self-regulating organisation that has been recognized pursuant to Section 10 of the FSA and is or becomes a party to this FISMOU in accordance with Article VII.

ARTICLE III: EXCHANGE OF INFORMATION

1. (a) Each U.S. SRO will provide to the relevant U.K. regulator, commencing with the first filing due after the effective date hereof as to that U.S. SRO, as promptly as practicable after receipt of the relevant report, the following information with respect to a designated member for which it is the designated U.S. SRO.

- (i) Copies of the cover sheet used by the U.S. SRO in its review of each Form 1-FR-FCM filing. The U.S. SRO will

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represent that it has reviewed the Form 1-FR-FCM filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO also will provide a copy of the Form 1-FR-FCM upon request of the relevant U.K. regulator.

- (ii) Copies of Rule 1.12 telegrams.
- (iii) Notification if the designated member is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

(b) Each U.S. SRO will provide the relevant U.K. regulator as promptly as practicable upon request the following information with respect to an applicant for which it is the designated U.S. SRO.

- (i) Copies of the cover sheet used by the U.S. SRO in its review of the most recent Form 1-FR-FCM filing. The U.S. SRO will represent that the copy provided is the cover sheet with respect to the most recent Form 1-FR-FCM filing, that it has reviewed such filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the

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minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO will also provide a copy of the most recent Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams since the "as of" date of the most recent 1-FR-FCM filing.

(iii) Notification if the applicant is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

2. (a) Notwithstanding any other provision of this FISMOU, if information is provided by a U.S. SRO to the relevant U.K. regulator pursuant to paragraph 1(a) of this Article III, such information need not be provided by that U.S. SRO to any other U.K. SRO or U.K. regulator; provided further, however, that subject to Article IV, such U.K. SRO directly may furnish such information to another U.K. SRO or U.K. regulator.

(b) If any relevant U.K. regulator agrees to indemnify any regulatory or self-regulatory authority in the United States or any other country in connection with the receipt of information or representations similar to that described in paragraphs 1(a) or 1(b) of this Article III, the relevant U.K. regulator must make such indemnity arrangement available to each U.S. SRO providing it with information under paragraphs 1(a) or 1(b) of this Article III.

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3. (a) The CFTC will use its best efforts to notify the SIB if it becomes aware, through a U.S. SRO or otherwise, that an event has occurred that, in the sole judgment of the CFTC, materially and adversely affects the financial or operational viability of an applicant or a designated member.

(b) The relevant U.K. regulator will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of a substantial financial, operational or other problem at a United Kingdom branch of, or as a result of investment business conducted in the U.K. by, a designated member. The CFTC may make information received pursuant to this paragraph available to a U.S. SRO.

(c) The SIB or the relevant U.K. SRO will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of any information which in its respective judgment affects the financial or operational viability of a U.K.-domiciled firm doing business in the U.S. under a comparability exemption granted pursuant to Rule 30.10 promulgated under the CEA which may defer to the financial regulation rules of the SIB and the relevant U.K. SRO. The CFTC may make information received pursuant to this paragraph 3(c) available to National Futures Association.

4. Where an indemnity, or other mutually acceptable arrangement, for protecting the exchange of information is in place between a designated U.S. SRO and a relevant U.K. SRO, notification, information, and representations by the relevant

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U.K. SRO under paragraphs 3(b) of this Article III, and notification and information as to an event which in a designated U.S. SRO's sole judgment materially and adversely affects the financial or operational viability of an applicant or designated member also may be exchanged directly between the designated U.S. SRO and relevant U.K. SRO. A copy of the applicable agreement will be provided to the CFTC by the designated U.S. SRO and to the SIB by the relevant U.K. SRO.

5. Where SIB or a U.K. SRO intends to take action in relation to a designated member or an applicant on the basis of information supplied by the CFTC, or a designated U.S. SRO, pursuant to this FISMOU, SIB or such U.K. SRO, as appropriate, will to the extent practicable give prior notice to the CFTC and the designated U.S. SRO.

ARTICLE IV: CONFIDENTIALITY OF INFORMATION

1. (a) Each party to this FISMOU has advised the other parties of the rules, regulations and procedures which govern the maintenance of confidentiality of information exchanged hereunder. Each party will comply with its procedures for maintaining confidentiality and will advise the SIB or the CFTC as appropriate of any changes therein.

(b) Each party to this FISMOU will keep confidential to the extent permitted by law any information exchanged between the parties pursuant to this FISMOU under Article III, provided that such information may be disclosed in appropriate circumstances in accordance with this FISMOU and otherwise under applicable law to

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any person associated with or employed by the U.S. Congress, CFTC, SIB, Bank of England, the U.K. Department of Trade and Industry [Insurance Division] (U.K.), the Serious Fraud Office (U.K.), Board of Governors of the Federal Reserve System, U.S. Department of the Treasury, U.S. Department of Justice, U.S. Securities and Exchange Commission, U.S. Securities Investor Protection Corporation, a receiver, any agency of the federal government or of a state government in the U.S., U.S. self-regulatory organizations (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisations (that are recognized pursuant to Section 10 of the FSA) pursuant to their use for the purpose of:

- (i) securing compliance with or enforcement of or conducting any investigation relating to the statutes, rules and requirements of the United States or the United Kingdom or the rules of the U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) or
- (ii) conducting a civil or administrative enforcement or receivership proceeding or other U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) disciplinary proceeding, assisting in a criminal

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prosecution, or conducting any investigation related thereto for any possible violation related to the statutes, rules or requirements specified in subparagraph 1(b)(i) of this Article IV.

(c) The SIB will keep confidential and will not disclose to other parties to this FISMOU or otherwise any information received from the CFTC pursuant to this FISMOU under paragraph 3(a) of Article III, provided that such information may be disclosed in connection with an adjudicatory action or proceeding brought under the laws of the U.K. or the rules and requirements of the SIB in the U.K. or the SIB is a party thereto or, provided further, that such information may be provided by the SIB to a U.K. SRO if applicable U.S. and U.K. law permits or if the designated member provides such consents to the CFTC and the SIB as may be legally effective to permit such disclosure.

2. Except as contemplated in paragraph 1(b) of this Article IV, if any party to this FISMOU receiving information pursuant to this FISMOU becomes aware that such information has been received by any person that is not a party to this FISMOU, it shall inform the party providing the information and will thereafter use its best efforts to ensure that such information will not be used in any way that involves disclosure not permitted by this FISMOU.

3. If a party which receives information pursuant to this FISMOU receives any legally enforceable demand for such information, such party will to the best of its ability, prior to complying with the demand, promptly notify the party who provided such

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information, and assert appropriate legal exemptions or privileges with respect to such information as may be available.

4. Upon the execution of this FISMOU, the CFTC and the SIB will exchange lists of the designated members and applicants and the designated U.S. SRO and relevant U.K. regulator with respect to each. Thereafter, the SIB and CFTC will report any changes as to the relevant U.K. regulator and the designated U.S. SRO. When an applicant applies to a relevant U.K. regulator for a waiver of its financial regulation rules, the relevant U.K. regulator will advise the CFTC and the designated U.S. SRO reported by the applicant. The designated U.S. SRO will confirm in writing to the SIB its status as such.

ARTICLE V: LIMITATIONS OF LIABILITY

1. The parties to this FISMOU and their respective commissioners, directors, officers, employees or agents shall not be liable to the other parties to this FISMOU and their respective commissioners, directors, officers, employees or agents for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information or any representation regarding that information as provided hereby or the failure to provide any such information or representation. It is understood that the information is being supplied on a best efforts basis and no warranties, expressed or implied, are made by the parties with respect to the information to be furnished hereunder.

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2. The provisions of this FISMOU shall not give rise to the right on the part of any non-party to this FISMOU, directly or indirectly, to obtain any information or to challenge the execution of a request for information or the furnishing of any information or representation under this FISMOU. Nothing in this FISMOU shall entitle any person, entity or government authority to any rights as a third party beneficiary.

ARTICLE VI: DISPUTES AND CONSULTATIONS

1. The parties will engage in consultations with respect to this FISMOU with a view to improving its operation and resolving any issues that may arise. The parties will also use their best efforts to notify each other of significant financial rule changes.

2. Except for the limitation on disclosure of information set forth in paragraph 1(c) of Article IV of this FISMOU, any of the conditions of this FISMOU may be amended, relaxed or waived by mutual agreement of the CFTC, SIB, the relevant U.K. regulator and the designated U.S. SRO. Any such amendment, relaxation, or waiver shall be confirmed in writing among the affected parties as soon as practicable.

ARTICLE VII: EXECUTION

1. This FISMOU will be effective from the date of its execution by the SIB, the CFTC and any U.S. SRO and relevant U.K. SRO; thereafter, it shall be effective as to each U.S. SRO or U.K. SRO from the date of its execution by such U.S. SRO or U.K. SRO.

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2. Any U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) may become a party to this FISMOU by executing a counterpart hereof together with the CFTC and SIB and providing notice to the other U.S. SROs and U.K. SROs thereof that are parties to this FISMOU. The executed counterpart shall be deemed to be a part of the original FISMOU.

ARTICLE VIII: CONTACT OFFICERS

Information shall be exchanged pursuant to this FISMOU through the contact officers identified in Appendix A or their designees.

ARTICLE IX: TERMINATION

Any party may terminate its participation in this FISMOU provided it furnishes the other parties with at least 120 days prior written notice.

DATED this 1st day of Sep., 1988

United States Commodity
Futures Trading Commission

by _____

Board of Trade of the City
of Chicago

by _____

Chicago Mercantile Exchange

by _____

Securities and Investments
Board

by *[Signature]*

The Association of Futures
Brokers and Dealers Limited

by *A. J. Amund.*

The Securities Association
Limited

by *[Signature]*

Commodity Exchange, Inc.

by _____

New York Mercantile Exchange

by _____

National Futures Association

by _____

Investment Management
Regulatory Organisation Ltd.

by J. H. Tanager

APPENDIX A

CONTACT OFFICERS

United States Commodity Futures Trading Commission
2033 K Street N.W.
Washington, D.C. 20581
U.S.A.
Attention: Director, Division of Trading and Markets
Telephone (202) 254-8955 or 254-6488 Fax (202) 254-6265

Securities and Investments Board
3 Royal Exchange Buildings
London EC3V 3NL
England
Attention: Director, Regulation
Telephone 01 283-2474 Fax 01 929-0433

Board of Trade of the City of Chicago
141 West Jackson Boulevard
Chicago, Illinois 60604
U.S.A.
Attention: Administrator, Office of Investigations and Audits
Telephone (312) 435-3659 Fax (312) 435-7170

Chicago Mercantile Exchange
30 South Wacker Drive
Chicago, Illinois 60606
U.S.A.
Attention: Vice President, Audit Department
Telephone (312) 930-3230 Fax (312) 930-3187

Commodity Exchange, Inc.
Four World Trade Center
New York, New York 10048
U.S.A.
Attention: Vice President, Compliance
Telephone (212) 938-2943 Fax (212) 432-1154

The Association of Futures Brokers and Dealers Limited
B Section 5th Floor Plantation House
5-8 Mincing Lane
London EC3M 3DX
England
Attention: Head of Enforcement
Telephone 01 626-9763 Fax 01 626-9760

The Securities Association Limited
The Stock Exchange Building
London EC2N 1EQ
England

Attention: Director of Enforcement
Telephone 01 256-9000 Fax 01 628-1052

New York Mercantile Exchange
Four World Trade Center
New York, New York 10048
U.S.A.

Attention: Vice President, Financial Surveillance
Telephone (212) 938-2238 Fax (212) 938-7954

National Futures Association
200 West Madison Street
Chicago, Illinois 60606
U.S.A.

Attention: Vice President-Compliance
Telephone (312) 781-1320 Fax (312) 781-1467

Investment Management Regulatory Organisation Limited
Centre Point
103 New Oxford Street
London WC1A 1PT
England

Attention: Director of Membership
Telephone 01 379-0601 Fax 01 379-4121

FINANCIAL INFORMATION SHARING
MEMORANDUM OF UNDERSTANDING

ARTICLE I: GENERAL

The United States Commodity Futures Trading Commission ("CFTC"), an independent regulatory agency of the U.S. government, the Securities and Investments Board ("SIB"), a "designated agency" to which statutory powers have been transferred under the Financial Services Act of 1986 ("FSA") of the government of the United Kingdom and the self-regulatory organizations in the United States ("U.S. SROs") and in the United Kingdom ("U.K. SROs"), as defined in Article II and subscribed hereto, have reached the following understanding with respect to futures commission merchants ("FCMs") that are applicants or designated members, as defined in Article II.

Section 50 of the FSA and parallel provisions in the Rulebooks of the U.K. SROs provide authority for the SIB or a U.K. SRO to waive application of those Financial Regulation Rules that deal with capital adequacy, where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to customers. As part of their responsibilities under the Commodity Exchange Act ("CEA"), the CFTC and U.S. SROs monitor the capital adequacy of the aforesaid FCMs consistent with financial requirements promulgated under the CEA, and parallel financial requirements of the U.S. SROs, which have been approved by the CFTC. In consideration of these responsibilities, the

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applicability of such requirements and the understanding with respect to the exchange of information set forth below, the SIB and the U.K. SROs will not require designated member FCMs to comply with their respective capital adequacy requirements and any reporting standards relating solely to the measure or maintenance of capital adequacy. This understanding does not prevent a party from requesting other information from a designated member or the other parties hereto.

ARTICLE II: DEFINITIONS

1. For purposes of this Financial Information Sharing Memorandum of Understanding ("FISMOU"):

- (a) "Applicant" means an FCM registered with the CFTC that is a member of a U.S. SRO that is a party to this FISMOU, that is a person that has requested authorization from its relevant U.K. regulator to establish a branch or to otherwise carry on an investment business in the United Kingdom ("U.K.") and that has requested that those Financial Regulation Rules that deal with capital adequacy be waived by the SIB and the relevant U.K. SRO. In order to be an applicant, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.

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- (b) "Designated member" means an FCM registered under the CEA that is a member of a U.S. SRO that is a party to this FISMOU, that has a branch or otherwise carries on an investment business in the U.K., that is an authorized or interim authorized person under the FSA for which those Financial Regulation Rules that deal with capital adequacy have been waived by the SIB or the relevant U.K. regulator. In order to be a designated member, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.
- (c) "Designated U.S. self-regulatory organization" or "designated U.S. SRO" means a U.S. SRO that has primary responsibility for examining a member FCM for compliance with minimum financial and related reporting requirements under CFTC oversight (i) pursuant to Section 4f(2) of the CEA and Rule 1.52 promulgated thereunder, and in accordance with a joint audit plan approved by the CFTC under that rule, or (ii) because the member FCM is a member solely of that U.S. SRO.
- (d) "Form 1-FR-FCM filing" means the financial report filed pursuant to Rule 1.10 under the CEA by an FCM on at least a semiannual basis with its designated U.S. SRO.

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- (e) "Joint Audit Committee" means that certain committee of representatives of all U.S. SROs which was established to coordinate audit and financial surveillance, plans, policies and procedures, particularly with respect to FCMs that are members of more than one U.S. SRO.
- (f) "Relevant U.K. regulator" means (i) where the FCM has been authorized under the FSA through membership in a single U.K. SRO, the U.K. SRO of which the FCM is a member, (ii) where the FCM has been authorized under the FSA through membership in more than one U.K. SRO, the U.K. SRO that the U.K. SROs have agreed should be the recipient of information under this FISMOU, or (iii) the SIB, where the FCM has been interim authorized or authorized by SIB under the FSA.
- (g) "Rule 1.12 telegram" means the telegraphic or written notice filed by an FCM with its designated U.S. SRO and the CFTC pursuant to Rule 1.12 promulgated under the CEA if the FCM's (i) adjusted net capital falls below the minimum required by an applicable capital rule, (ii) adjusted net capital falls below 150 percent of the minimum required by an applicable capital rule, (iii) books and records are not current, (iv) accounting system, accounting controls, procedures for safeguarding customer and firm assets or the practices and procedures specified in Rule 1.16(d)(1) promulgated under the CEA, contain a material inadequacy, as

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defined in Rule 1.16(d)(2) promulgated under the CEA, or (v) carried accounts include an account which is undermargined by an amount which exceeds the firm's adjusted net capital.

- (h) "U.S. self-regulatory organization" or "U.S. SRO" means the Board of Trade of the City of Chicago, the Chicago Mercantile Exchange, the Commodity Exchange, Inc., New York Mercantile Exchange, National Futures Association or any other self-regulatory organization as defined in Rule 1.3(ee) promulgated under the CEA that becomes a party to this FISMOU in accordance with Article VII.
- (i) "U.K. self-regulating organisation" or "U.K. SRO" means the Association of Futures Brokers and Dealers, The Securities Association or any other self-regulating organisation that has been recognized pursuant to Section 10 of the FSA and is or becomes a party to this FISMOU in accordance with Article VII.

ARTICLE III: EXCHANGE OF INFORMATION

1. (a) Each U.S. SRO will provide to the relevant U.K. regulator, commencing with the first filing due after the effective date hereof as to that U.S. SRO, as promptly as practicable after receipt of the relevant report, the following information with respect to a designated member for which it is the designated U.S. SRO.

- (i) Copies of the cover sheet used by the U.S. SRO in its review of each Form 1-FR-FCM filing. The U.S. SRO will

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represent that it has reviewed the Form 1-FR-FCM filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO also will provide a copy of the Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams.

(iii) Notification if the designated member is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

(b) Each U.S. SRO will provide the relevant U.K. regulator as promptly as practicable upon request the following information with respect to an applicant for which it is the designated U.S. SRO.

(i) Copies of the cover sheet used by the U.S. SRO in its review of the most recent Form 1-FR-FCM filing. The U.S. SRO will represent that the copy provided is the cover sheet with respect to the most recent Form 1-FR-FCM filing, that it has reviewed such filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the

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minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO will also provide a copy of the most recent Form 1-FR-FCM upon request of the relevant U.K. regulator.

- (ii) Copies of Rule 1.12 telegrams since the "as of" date of the most recent 1-FR-FCM filing.
- (iii) Notification if the applicant is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

2. (a) Notwithstanding any other provision of this FISMOU, if information is provided by a U.S. SRO to the relevant U.K. regulator pursuant to paragraph 1(a) of this Article III, such information need not be provided by that U.S. SRO to any other U.K. SRO or U.K. regulator; provided further, however, that subject to Article IV, such U.K. SRO directly may furnish such information to another U.K. SRO or U.K. regulator.

(b) If any relevant U.K. regulator agrees to indemnify any regulatory or self-regulatory authority in the United States or any other country in connection with the receipt of information or representations similar to that described in paragraphs 1(a) or 1(b) of this Article III, the relevant U.K. regulator must make such indemnity arrangement available to each U.S. SRO providing it with information under paragraphs 1(a) or 1(b) of this Article III.

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3. (a) The CFTC will use its best efforts to notify the SIB if it becomes aware, through a U.S. SRO or otherwise, that an event has occurred that, in the sole judgment of the CFTC, materially and adversely affects the financial or operational viability of an applicant or a designated member.

(b) The relevant U.K. regulator will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of a substantial financial, operational or other problem at a United Kingdom branch of, or as a result of investment business conducted in the U.K. by, a designated member. The CFTC may make information received pursuant to this paragraph available to a U.S. SRO.

(c) The SIB or the relevant U.K. SRO will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of any information which in its respective judgment affects the financial or operational viability of a U.K.-domiciled firm doing business in the U.S. under a comparability exemption granted pursuant to Rule 30.10 promulgated under the CEA which may defer to the financial regulation rules of the SIB and the relevant U.K. SRO. The CFTC may make information received pursuant to this paragraph 3(c) available to National Futures Association.

4. Where an indemnity, or other mutually acceptable arrangement, for protecting the exchange of information is in place between a designated U.S. SRO and a relevant U.K. SRO, notification, information, and representations by the relevant

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U.K. SRO under paragraphs 3(b) of this Article III, and notification and information as to an event which in a designated U.S. SRO's sole judgment materially and adversely affects the financial or operational viability of an applicant or designated member also may be exchanged directly between the designated U.S. SRO and relevant U.K. SRO. A copy of the applicable agreement will be provided to the CFTC by the designated U.S. SRO and to the SIB by the relevant U.K. SRO.

5. Where SIB or a U.K. SRO intends to take action in relation to a designated member or an applicant on the basis of information supplied by the CFTC, or a designated U.S. SRO, pursuant to this FISMOU, SIB or such U.K. SRO, as appropriate, will to the extent practicable give prior notice to the CFTC and the designated U.S. SRO.

ARTICLE IV: CONFIDENTIALITY OF INFORMATION

1. (a) Each party to this FISMOU has advised the other parties of the rules, regulations and procedures which govern the maintenance of confidentiality of information exchanged hereunder. Each party will comply with its procedures for maintaining confidentiality and will advise the SIB or the CFTC as appropriate of any changes therein.

(b) Each party to this FISMOU will keep confidential to the extent permitted by law any information exchanged between the parties pursuant to this FISMOU under Article III, provided that such information may be disclosed in appropriate circumstances in accordance with this FISMOU and otherwise under applicable law to

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any person associated with or employed by the U.S. Congress, CFTC, SIB, Bank of England, the U.K. Department of Trade and Industry [Insurance Division] (U.K.), the Serious Fraud Office (U.K.), Board of Governors of the Federal Reserve System, U.S. Department of the Treasury, U.S. Department of Justice, U.S. Securities and Exchange Commission, U.S. Securities Investor Protection Corporation, a receiver, any agency of the federal government or of a state government in the U.S., U.S. self-regulatory organizations (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisations (that are recognized pursuant to Section 10 of the FSA) pursuant to their use for the purpose of:

- (i) securing compliance with or enforcement of or conducting any investigation relating to the statutes, rules and requirements of the United States or the United Kingdom or the rules of the U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) or
- (ii) conducting a civil or administrative enforcement or receivership proceeding or other U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) disciplinary proceeding, assisting in a criminal

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prosecution, or conducting any investigation related thereto for any possible violation related to the statutes, rules or requirements specified in subparagraph 1(b)(i) of this Article IV.

(c) The SIB will keep confidential and will not disclose to other parties to this FISMOU or otherwise any information received from the CFTC pursuant to this FISMOU under paragraph 3(a) of Article III, provided that such information may be disclosed in connection with an adjudicatory action or proceeding brought under the laws of the U.K. or the rules and requirements of the SIB in the U.K. or the SIB is a party thereto or, provided further, that such information may be provided by the SIB to a U.K. SRO if applicable U.S. and U.K. law permits or if the designated member provides such consents to the CFTC and the SIB as may be legally effective to permit such disclosure.

2. Except as contemplated in paragraph 1(b) of this Article IV, if any party to this FISMOU receiving information pursuant to this FISMOU becomes aware that such information has been received by any person that is not a party to this FISMOU, it shall inform the party providing the information and will thereafter use its best efforts to ensure that such information will not be used in any way that involves disclosure not permitted by this FISMOU.

3. If a party which receives information pursuant to this FISMOU receives any legally enforceable demand for such information, such party will to the best of its ability, prior to complying with the demand, promptly notify the party who provided such

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information, and assert appropriate legal exemptions or privileges with respect to such information as may be available.

4. Upon the execution of this FISMOU, the CFTC and the SIB will exchange lists of the designated members and applicants and the designated U.S. SRO and relevant U.K. regulator with respect to each. Thereafter, the SIB and CFTC will report any changes as to the relevant U.K. regulator and the designated U.S. SRO. When an applicant applies to a relevant U.K. regulator for a waiver of its financial regulation rules, the relevant U.K. regulator will advise the CFTC and the designated U.S. SRO reported by the applicant. The designated U.S. SRO will confirm in writing to the SIB its status as such.

ARTICLE V: LIMITATIONS OF LIABILITY

1. The parties to this FISMOU and their respective commissioners, directors, officers, employees or agents shall not be liable to the other parties to this FISMOU and their respective commissioners, directors, officers, employees or agents for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information or any representation regarding that information as provided hereby or the failure to provide any such information or representation. It is understood that the information is being supplied on a best efforts basis and no warranties, expressed or implied, are made by the parties with respect to the information to be furnished hereunder.

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2. The provisions of this FISMOU shall not give rise to the right on the part of any non-party to this FISMOU, directly or indirectly, to obtain any information or to challenge the execution of a request for information or the furnishing of any information or representation under this FISMOU. Nothing in this FISMOU shall entitle any person, entity or government authority to any rights as a third party beneficiary.

ARTICLE VI: DISPUTES AND CONSULTATIONS

1. The parties will engage in consultations with respect to this FISMOU with a view to improving its operation and resolving any issues that may arise. The parties will also use their best efforts to notify each other of significant financial rule changes.

2. Except for the limitation on disclosure of information set forth in paragraph 1(c) of Article IV of this FISMOU, any of the conditions of this FISMOU may be amended, relaxed or waived by mutual agreement of the CFTC, SIB, the relevant U.K. regulator and the designated U.S. SRO. Any such amendment, relaxation, or waiver shall be confirmed in writing among the affected parties as soon as practicable.

ARTICLE VII: EXECUTION

1. This FISMOU will be effective from the date of its execution by the SIB, the CFTC and any U.S. SRO and relevant U.K. SRO; thereafter, it shall be effective as to each U.S. SRO or U.K. SRO from the date of its execution by such U.S. SRO or U.K. SRO.

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2. Any U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) may become a party to this FISMOU by executing a counterpart hereof together with the CFTC and SIB and providing notice to the other U.S. SROs and U.K. SROs thereof that are parties to this FISMOU. The executed counterpart shall be deemed to be a part of the original FISMOU.

ARTICLE VIII: CONTACT OFFICERS

Information shall be exchanged pursuant to this FISMOU through the contact officers identified in Appendix A or their designees.

ARTICLE IX: TERMINATION

Any party may terminate its participation in this FISMOU provided it furnishes the other parties with at least 120 days prior written notice.

DATED this 1st day of Sep., 1988

United States Commodity
Futures Trading Commission

by _____

Board of Trade of the City
of Chicago

by Thomas K. Donovan, Pres.

Chicago Mercantile Exchange

by William J. Broderick, Pres.

Securities and Investments
Board

by _____

The Association of Futures
Brokers and Dealers Limited

by _____

The Securities Association
Limited

by _____

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Commodity Exchange, Inc.

by _____

New York Mercantile Exchange

by _____

National Futures Association

by Robert W. Linnatt Pres

Investment Management
Regulatory Organisation Ltd.

by _____

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APPENDIX A

CONTACT OFFICERS

United States Commodity Futures Trading Commission
2033 K Street N.W.
Washington, D.C. 20581
U.S.A.
Attention: Director, Division of Trading and Markets
Telephone (202) 254-8955 or 254-6488 Fax (202) 254-6265

Securities and Investments Board
3 Royal Exchange Buildings
London EC3V 3NL
England
Attention: Director, Regulation
Telephone 01 283-2474 Fax 01 929-0433

Board of Trade of the City of Chicago
141 West Jackson Boulevard
Chicago, Illinois 60604
U.S.A.
Attention: Administrator, Office of Investigations and Audits
Telephone (312) 435-3659 Fax (312) 435-7170

Chicago Mercantile Exchange
30 South Wacker Drive
Chicago, Illinois 60606
U.S.A.
Attention: Vice President, Audit Department
Telephone (312) 930-3230 Fax (312) 930-3187

Commodity Exchange, Inc.
Four World Trade Center
New York, New York 10048
U.S.A.
Attention: Vice President, Compliance
Telephone (212) 938-2943 Fax (212) 432-1154

The Association of Futures Brokers and Dealers Limited
B Section 5th Floor Plantation House
5-8 Mincing Lane
London EC3M 3DX
England
Attention: Head of Enforcement
Telephone 01 626-9763 Fax 01 626-9760

The Securities Association Limited
The Stock Exchange Building
London EC2N 1EQ
England

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AKC

Attention: Director of Enforcement
Telephone 01 256-9000 Fax 01 628-1052

New York Mercantile Exchange
Four World Trade Center
New York, New York 10048
U.S.A.

Attention: Vice President, Financial Surveillance
Telephone (212) 938-2238 Fax (212) 938-7954

National Futures Association
200 West Madison Street
Chicago, Illinois 60606
U.S.A.

Attention: Vice President-Compliance
Telephone (312) 781-1320 Fax (312) 781-1467

Investment Management Regulatory Organisation Limited
Centre Point
103 New Oxford Street
London WC1A 1PT
England

Attention: Director of Membership
Telephone 01 379-0601 Fax 01 379-4121

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EXHIBIT 1

[Relevant U.K. Regulator]
[Designated U.S. SRO]
[CFTC]

Re: Waiver of Financial Requirements

Dear [appropriate official]:

Company is a registered futures commission merchant in the United States with a branch office in the United Kingdom. Our current designated self-regulatory organization ("SRO") is _____. The Company wishes to continue to engage in business in the United Kingdom without being subject to the financial regulation rules of the Financial Services Act of 1986 ("FSA"). Section 50 of the FSA and parallel provisions in the rulebooks of the U.K. SROs provide authority for the Securities and Investments Board ("SIB") or U.K. SRO to waive application of those financial regulation rules where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to investors.

Company recognizes the SIB's and U.K. SROs' obligations to assure that entities operating in the United Kingdom are fit and proper to do so. Company understands that the SIB, the Commodity Futures Trading Commission ("CFTC"), certain U.S. SROs and

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certain U.K. SROs have entered into a Financial Information Sharing Memorandum of Understanding ("FISMOU"). Company also understands that the FISMOU is intended to establish a lead regulator structure whereby the SIB and/or the U.K. SROs will waive their financial regulation rules and will rely instead on certain information supplied by our designated self-regulatory organization, which may change from time to time, to assure themselves that it is appropriate for Company to continue to operate its U.K. branch office. Such information will consist of reviews of periodic financial reports, early warning notices, notification of high risk classification, and any other information reasonably related to the financial condition of Company or any affiliate or subsidiary for which it files consolidated financial statements requested by the SIB and/or U.K. SROs.

In consideration of the relevant U.K. regulator waiving its relevant financial regulation rules, the Company hereby:

(1) consents to the release of information and representations regarding that information made pursuant to the FISMOU with respect to itself and any affected subsidiaries or affiliates for which it files consolidated financial statements, (2) represents that it will not, and such subsidiaries and affiliates will not, assert any claim of any kind against any of the parties to the FISMOU for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information pursuant

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to the FISMOU, the improper use of the information, any representations regarding that information, the failure to provide any such information or representation, or the release of any such information or representation, and (3) agrees to indemnify and hold harmless its designated U.S. SRO, and any successor thereto, for any judgment, settlement, award, fine, penalty or other expense (including attorney's fees and costs) incurred by such designated U.S. SRO in any action, claim or controversy against such designated U.S. SRO in whole or in part arising out of the provision of information under the FISMOU, any delays, inaccuracies, errors or omissions with respect to such provision of information, any representation regarding that information as provided under the FISMOU, the improper use of the information, or the failure to provide any such information or representation; Provided, however, that no settlement shall be made by such U.S. SRO in any such action, claim or controversy without the prior written consent of the Company; and Provided further, that the Company may assume, at its sole expense, the defense or representation of the U.S. SRO in any such action, claim or controversy upon a showing, satisfactory to the U.S. SRO, that the Company is and will remain able to satisfy all expenses (as hereinabove defined) that may be incurred by the U.S. SRO as a result of such action, claim or controversy.

Subject to the provisions of Article IV, the Company hereby consents, to the extent of its legal capacity, that information provided about its financial viability under paragraph 3(a) of

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Consent Letter
Page 4

Article III of the FISMOU by the CFTC to the SIB that does not involve the disclosure of customer positions or other information protected by Section 8 of the Commodity Exchange Act may be disclosed by SIB to a U.K. SRO.

We trust that the information contained herein is sufficient to permit the granting of the waiver to Company of the financial regulations that deal with capital adequacy. If you need any further information, please feel free to contact _____.
Thank you for your attention to this matter.

Very truly yours,

Appropriate Officer With
Authority to Act for the Firm

cc: Andrea M. Corcoran, CFTC
Designated U.S. SRO

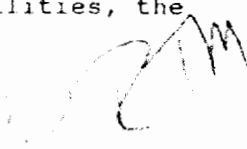
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FINANCIAL INFORMATION SHARING
MEMORANDUM OF UNDERSTANDING

ARTICLE I: GENERAL

The United States Commodity Futures Trading Commission ("CFTC"), an independent regulatory agency of the U.S. government, the Securities and Investments Board ("SIB"), a "designated agency" to which statutory powers have been transferred under the Financial Services Act of 1986 ("FSA") of the government of the United Kingdom and the self-regulatory organizations in the United States ("U.S. SROs") and in the United Kingdom ("U.K. SROs"), as defined in Article II and subscribed hereto, have reached the following understanding with respect to futures commission merchants ("FCMs") that are applicants or designated members, as defined in Article II.

Section 50 of the FSA and parallel provisions in the Rulebooks of the U.K. SROs provide authority for the SIB or a U.K. SRO to waive application of those Financial Regulation Rules that deal with capital adequacy, where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to customers. As part of their responsibilities under the Commodity Exchange Act ("CEA"), the CFTC and U.S. SROs monitor the capital adequacy of the aforesaid FCMs consistent with financial requirements promulgated under the CEA, and parallel financial requirements of the U.S. SROs, which have been approved by the CFTC. In consideration of these responsibilities, the



applicability of such requirements and the understanding with respect to the exchange of information set forth below, the SIB and the U.K. SROs will not require designated member FCMs to comply with their respective capital adequacy requirements and any reporting standards relating solely to the measure or maintenance of capital adequacy. This understanding does not prevent a party from requesting other information from a designated member or the other parties hereto.

ARTICLE II: DEFINITIONS

1. For purposes of this Financial Information Sharing Memorandum of Understanding ("FISMOU"):

- (a) "Applicant" means an FCM registered with the CFTC that is a member of a U.S. SRO that is a party to this FISMOU, that is a person that has requested authorization from its relevant U.K. regulator to establish a branch or to otherwise carry on an investment business in the United Kingdom ("U.K.") and that has requested that those Financial Regulation Rules that deal with capital adequacy be waived by the SIB and the relevant U.K. SRO. In order to be an applicant, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.

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- (b) "Designated member" means an FCM registered under the CEA that is a member of a U.S. SRO that is a party to this FISMOU, that has a branch or otherwise carries on an investment business in the U.K., that is an authorized or interim authorized person under the FSA for which those Financial Regulation Rules that deal with capital adequacy have been waived by the SIB or the relevant U.K. regulator. In order to be a designated member, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.
- (c) "Designated U.S. self-regulatory organization" or "designated U.S. SRO" means a U.S. SRO that has primary responsibility for examining a member FCM for compliance with minimum financial and related reporting requirements under CFTC oversight (i) pursuant to Section 4f(2) of the CEA and Rule 1.52 promulgated thereunder, and in accordance with a joint audit plan approved by the CFTC under that rule, or (ii) because the member FCM is a member solely of that U.S. SRO.
- (d) "Form 1-FR-FCM filing" means the financial report filed pursuant to Rule 1.10 under the CEA by an FCM on at least a semiannual basis with its designated U.S. SRO.

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- (e) "Joint Audit Committee" means that certain committee of representatives of all U.S. SROs which was established to coordinate audit and financial surveillance, plans, policies and procedures, particularly with respect to FCMs that are members of more than one U.S. SRO.
- (f) "Relevant U.K. regulator" means (i) where the FCM has been authorized under the FSA through membership in a single U.K. SRO, the U.K. SRO of which the FCM is a member, (ii) where the FCM has been authorized under the FSA through membership in more than one U.K. SRO, the U.K. SRO that the U.K. SROs have agreed should be the recipient of information under this FISMOU, or (iii) the SIB, where the FCM has been interim authorized or authorized by SIB under the FSA.
- (g) "Rule 1.12 telegram" means the telegraphic or written notice filed by an FCM with its designated U.S. SRO and the CFTC pursuant to Rule 1.12 promulgated under the CEA if the FCM's (i) adjusted net capital falls below the minimum required by an applicable capital rule, (ii) adjusted net capital falls below 150 percent of the minimum required by an applicable capital rule, (iii) books and records are not current, (iv) accounting system, accounting controls, procedures for safeguarding customer and firm assets or the practices and procedures specified in Rule 1.16(d)(1) promulgated under the CEA, contain a material inadequacy, as

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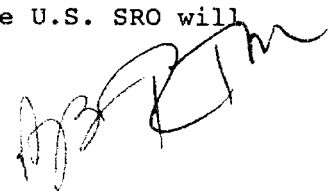
defined in Rule 1.16(d)(2) promulgated under the CEA, or (v) carried accounts include an account which is undermargined by an amount which exceeds the firm's adjusted net capital.

- (h) "U.S. self-regulatory organization" or "U.S. SRO" means the Board of Trade of the City of Chicago, the Chicago Mercantile Exchange, the Commodity Exchange, Inc., New York Mercantile Exchange, National Futures Association or any other self-regulatory organization as defined in Rule 1.3(ee) promulgated under the CEA that becomes a party to this FISMOU in accordance with Article VII.
- (i) "U.K. self-regulating organisation" or "U.K. SRO" means the Association of Futures Brokers and Dealers, The Securities Association or any other self-regulating organisation that has been recognized pursuant to Section 10 of the FSA and is or becomes a party to this FISMOU in accordance with Article VII.

ARTICLE III: EXCHANGE OF INFORMATION

1. (a) Each U.S. SRO will provide to the relevant U.K. regulator, commencing with the first filing due after the effective date hereof as to that U.S. SRO, as promptly as practicable after receipt of the relevant report, the following information with respect to a designated member for which it is the designated U.S. SRO.

- (i) Copies of the cover sheet used by the U.S. SRO in its review of each Form 1-FR-FCM filing. The U.S. SRO will

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represent that it has reviewed the Form 1-FR-FCM filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO also will provide a copy of the Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams.

(iii) Notification if the designated member is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

(b) Each U.S. SRO will provide the relevant U.K. regulator as promptly as practicable upon request the following information with respect to an applicant for which it is the designated U.S. SRO.

(i) Copies of the cover sheet used by the U.S. SRO in its review of the most recent Form 1-FR-FCM filing. The U.S. SRO will represent that the copy provided is the cover sheet with respect to the most recent Form 1-FR-FCM filing, that it has reviewed such filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the

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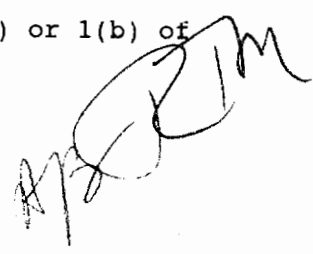
minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO will also provide a copy of the most recent Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams since the "as of" date of the most recent 1-FR-FCM filing.

(iii) Notification if the applicant is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

2. (a) Notwithstanding any other provision of this FISMOU, if information is provided by a U.S. SRO to the relevant U.K. regulator pursuant to paragraph 1(a) of this Article III, such information need not be provided by that U.S. SRO to any other U.K. SRO or U.K. regulator; provided further, however, that subject to Article IV, such U.K. SRO directly may furnish such information to another U.K. SRO or U.K. regulator.

(b) If any relevant U.K. regulator agrees to indemnify any regulatory or self-regulatory authority in the United States or any other country in connection with the receipt of information or representations similar to that described in paragraphs 1(a) or 1(b) of this Article III, the relevant U.K. regulator must make such indemnity arrangement available to each U.S. SRO providing it with information under paragraphs 1(a) or 1(b) of this Article III.

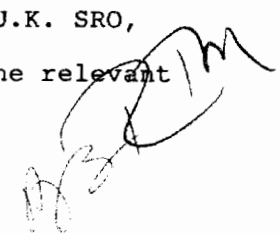


3. (a) The CFTC will use its best efforts to notify the SIB if it becomes aware, through a U.S. SRO or otherwise, that an event has occurred that, in the sole judgment of the CFTC, materially and adversely affects the financial or operational viability of an applicant or a designated member.

(b) The relevant U.K. regulator will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of a substantial financial, operational or other problem at a United Kingdom branch of, or as a result of investment business conducted in the U.K. by, a designated member. The CFTC may make information received pursuant to this paragraph available to a U.S. SRO.

(c) The SIB or the relevant U.K. SRO will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of any information which in its respective judgment affects the financial or operational viability of a U.K.-domiciled firm doing business in the U.S. under a comparability exemption granted pursuant to Rule 30.10 promulgated under the CEA which may defer to the financial regulation rules of the SIB and the relevant U.K. SRO. The CFTC may make information received pursuant to this paragraph 3(c) available to National Futures Association.

4. Where an indemnity, or other mutually acceptable arrangement, for protecting the exchange of information is in place between a designated U.S. SRO and a relevant U.K. SRO, notification, information, and representations by the relevant



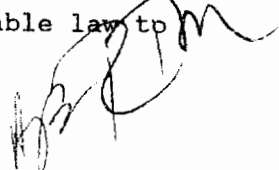
U.K. SRO under paragraphs 3(b) of this Article III, and notification and information as to an event which in a designated U.S. SRO's sole judgment materially and adversely affects the financial or operational viability of an applicant or designated member also may be exchanged directly between the designated U.S. SRO and relevant U.K. SRO. A copy of the applicable agreement will be provided to the CFTC by the designated U.S. SRO and to the SIB by the relevant U.K. SRO.

5. Where SIB or a U.K. SRO intends to take action in relation to a designated member or an applicant on the basis of information supplied by the CFTC, or a designated U.S. SRO, pursuant to this FISMOU, SIB or such U.K. SRO, as appropriate, will to the extent practicable give prior notice to the CFTC and the designated U.S. SRO.

ARTICLE IV: CONFIDENTIALITY OF INFORMATION

1. (a) Each party to this FISMOU has advised the other parties of the rules, regulations and procedures which govern the maintenance of confidentiality of information exchanged hereunder. Each party will comply with its procedures for maintaining confidentiality and will advise the SIB or the CFTC as appropriate of any changes therein.

(b) Each party to this FISMOU will keep confidential to the extent permitted by law any information exchanged between the parties pursuant to this FISMOU under Article III, provided that such information may be disclosed in appropriate circumstances in accordance with this FISMOU and otherwise under applicable law to

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any person associated with or employed by the U.S. Congress, CFTC, SIB, Bank of England, the U.K. Department of Trade and Industry [Insurance Division] (U.K.), the Serious Fraud Office (U.K.), Board of Governors of the Federal Reserve System, U.S. Department of the Treasury, U.S. Department of Justice, U.S. Securities and Exchange Commission, U.S. Securities Investor Protection Corporation, a receiver, any agency of the federal government or of a state government in the U.S., U.S. self-regulatory organizations (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisations (that are recognized pursuant to Section 10 of the FSA) pursuant to their use for the purpose of:

- (i) securing compliance with or enforcement of or conducting any investigation relating to the statutes, rules and requirements of the United States or the United Kingdom or the rules of the U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) or
- (ii) conducting a civil or administrative enforcement or receivership proceeding or other U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) disciplinary proceeding, assisting in a criminal

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prosecution, or conducting any investigation related thereto for any possible violation related to the statutes, rules or requirements specified in subparagraph 1(b)(i) of this Article IV.

(c) The SIB will keep confidential and will not disclose to other parties to this FISMOU or otherwise any information received from the CFTC pursuant to this FISMOU under paragraph 3(a) of Article III, provided that such information may be disclosed in connection with an adjudicatory action or proceeding brought under the laws of the U.K. or the rules and requirements of the SIB in the U.K. or the SIB is a party thereto or, provided further, that such information may be provided by the SIB to a U.K. SRO if applicable U.S. and U.K. law permits or if the designated member provides such consents to the CFTC and the SIB as may be legally effective to permit such disclosure.

2. Except as contemplated in paragraph 1(b) of this Article IV, if any party to this FISMOU receiving information pursuant to this FISMOU becomes aware that such information has been received by any person that is not a party to this FISMOU, it shall inform the party providing the information and will thereafter use its best efforts to ensure that such information will not be used in any way that involves disclosure not permitted by this FISMOU.

3. If a party which receives information pursuant to this FISMOU receives any legally enforceable demand for such information, such party will to the best of its ability, prior to complying with the demand, promptly notify the party who provided such


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information, and assert appropriate legal exemptions or privileges with respect to such information as may be available.

4. Upon the execution of this FISMOU, the CFTC and the SIB will exchange lists of the designated members and applicants and the designated U.S. SRO and relevant U.K. regulator with respect to each. Thereafter, the SIB and CFTC will report any changes as to the relevant U.K. regulator and the designated U.S. SRO. When an applicant applies to a relevant U.K. regulator for a waiver of its financial regulation rules, the relevant U.K. regulator will advise the CFTC and the designated U.S. SRO reported by the applicant. The designated U.S. SRO will confirm in writing to the SIB its status as such.

ARTICLE V: LIMITATIONS OF LIABILITY

1. The parties to this FISMOU and their respective commissioners, directors, officers, employees or agents shall not be liable to the other parties to this FISMOU and their respective commissioners, directors, officers, employees or agents for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information or any representation regarding that information as provided hereby or the failure to provide any such information or representation. It is understood that the information is being supplied on a best efforts basis and no warranties, expressed or implied, are made by the parties with respect to the information to be furnished hereunder.



2. The provisions of this FISMOU shall not give rise to the right on the part of any non-party to this FISMOU, directly or indirectly, to obtain any information or to challenge the execution of a request for information or the furnishing of any information or representation under this FISMOU. Nothing in this FISMOU shall entitle any person, entity or government authority to any rights as a third party beneficiary.

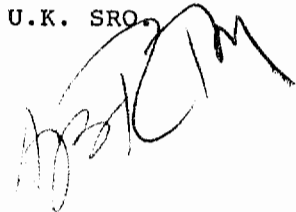
ARTICLE VI: DISPUTES AND CONSULTATIONS

1. The parties will engage in consultations with respect to this FISMOU with a view to improving its operation and resolving any issues that may arise. The parties will also use their best efforts to notify each other of significant financial rule changes.

2. Except for the limitation on disclosure of information set forth in paragraph 1(c) of Article IV of this FISMOU, any of the conditions of this FISMOU may be amended, relaxed or waived by mutual agreement of the CFTC, SIB, the relevant U.K. regulator and the designated U.S. SRO. Any such amendment, relaxation, or waiver shall be confirmed in writing among the affected parties as soon as practicable.

ARTICLE VII: EXECUTION

1. This FISMOU will be effective from the date of its execution by the SIB, the CFTC and any U.S. SRO and relevant U.K. SRO; thereafter, it shall be effective as to each U.S. SRO or U.K. SRO from the date of its execution by such U.S. SRO or U.K. SRO.

A handwritten signature in dark ink, appearing to be "J. J. C. M.", is located in the bottom right corner of the page.

2. Any U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) may become a party to this FISMOU by executing a counterpart hereof together with the CFTC and SIB and providing notice to the other U.S. SROs and U.K. SROs thereof that are parties to this FISMOU. The executed counterpart shall be deemed to be a part of the original FISMOU.

ARTICLE VIII: CONTACT OFFICERS

Information shall be exchanged pursuant to this FISMOU through the contact officers identified in Appendix A or their designees.

ARTICLE IX: TERMINATION

Any party may terminate its participation in this FISMOU provided it furnishes the other parties with at least 120 days prior written notice.

DATED this 1st day of Sep., 1988

United States Commodity
Futures Trading Commission

by _____

Board of Trade of the City
of Chicago

by _____

Chicago Mercantile Exchange

by _____

Securities and Investments
Board

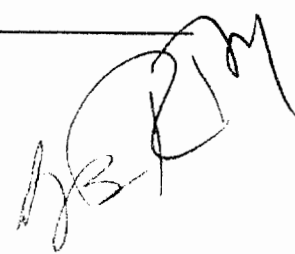
by _____

The Association of Futures
Brokers and Dealers Limited

by _____

The Securities Association
Limited

by _____

A large, stylized handwritten signature, possibly reading "J.B. 21M", is written over the signature line of the Securities and Investments Board.

Commodity Exchange, Inc.

by 

New York Mercantile Exchange

by 

National Futures Association

by _____

Investment Management
Regulatory Organisation Ltd.

by _____

APPENDIX A

CONTACT OFFICERS

United States Commodity Futures Trading Commission
2033 K Street N.W.
Washington, D.C. 20581
U.S.A.
Attention: Director, Division of Trading and Markets
Telephone (202) 254-8955 or 254-6486 Fax (202) 254-6265

Securities and Investments Board
3 Royal Exchange Buildings
London EC3V 3NL
England
Attention: Director, Regulation
Telephone 01 283-2474 Fax 01 929-0433

Board of Trade of the City of Chicago
141 West Jackson Boulevard
Chicago, Illinois 60604
U.S.A.
Attention: Administrator, Office of Investigations and Audits
Telephone (312) 435-3659 Fax (312) 435-7170

Chicago Mercantile Exchange
30 South Wacker Drive
Chicago, Illinois 60606
U.S.A.
Attention: Vice President, Audit Department
Telephone (312) 930-3230 Fax (312) 930-3187

Commodity Exchange, Inc.
Four World Trade Center
New York, New York 10048
U.S.A.
Attention: Vice President, Compliance
Telephone (212) 938-2943 Fax (212) 432-1154

The Association of Futures Brokers and Dealers Limited
B Section 5th Floor Plantation House
5-8 Mincing Lane
London EC3M 3DX
England
Attention: Head of Enforcement
Telephone 01 626-9763 Fax 01 626-9760

The Securities Association Limited
The Stock Exchange Building
London EC2N 1EQ
England



Attention: Director of Enforcement
Telephone 01 256-9000 Fax 01 628-1052

New York Mercantile Exchange
Four World Trade Center
New York, New York 10048
U.S.A.
Attention: Vice President, Financial Surveillance
Telephone (212) 938-2238 Fax (212) 938-7954

National Futures Association
200 West Madison Street
Chicago, Illinois 60606
U.S.A.
Attention: Vice President-Compliance
Telephone (312) 781-1320 Fax (312) 781-1467

Investment Management Regulatory Organisation Limited
Centre Point
103 New Oxford Street
London WC1A 1PT
England
Attention: Director of Membership
Telephone 01 379-0601 Fax 01 379-4121

A handwritten signature in dark ink, appearing to be 'RM' with a flourish underneath.

EXHIBIT 1

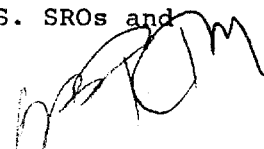
[Relevant U.K. Regulator]
[Designated U.S. SRO]
[CFTC]

Re: Waiver of Financial Requirements

Dear [appropriate official]:

Company is a registered futures commission merchant in the United States with a branch office in the United Kingdom. Our current designated self-regulatory organization ("SRO") is _____. The Company wishes to continue to engage in business in the United Kingdom without being subject to the financial regulation rules of the Financial Services Act of 1986 ("FSA"). Section 50 of the FSA and parallel provisions in the rulebooks of the U.K. SROs provide authority for the Securities and Investments Board ("SIB") or U.K. SRO to waive application of those financial regulation rules where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to investors.

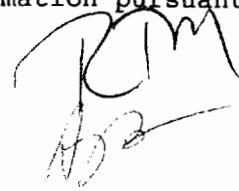
Company recognizes the SIB's and U.K. SROs' obligations to assure that entities operating in the United Kingdom are fit and proper to do so. Company understands that the SIB, the Commodity Futures Trading Commission ("CFTC"), certain U.S. SROs and



certain U.K. SROs have entered into a Financial Information Sharing Memorandum of Understanding ("FISMOU"). Company also understands that the FISMOU is intended to establish a lead regulator structure whereby the SIB and/or the U.K. SROs will waive their financial regulation rules and will rely instead on certain information supplied by our designated self-regulatory organization, which may change from time to time, to assure themselves that it is appropriate for Company to continue to operate its U.K. branch office. Such information will consist of reviews of periodic financial reports, early warning notices, notification of high risk classification, and any other information reasonably related to the financial condition of Company or any affiliate or subsidiary for which it files consolidated financial statements requested by the SIB and/or U.K. SROs.

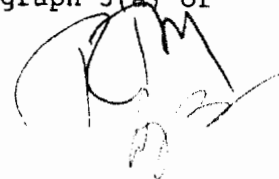
In consideration of the relevant U.K. regulator waiving its relevant financial regulation rules, the Company hereby:

(1) consents to the release of information and representations regarding that information made pursuant to the FISMOU with respect to itself and any affected subsidiaries or affiliates for which it files consolidated financial statements, (2) represents that it will not, and such subsidiaries and affiliates will not, assert any claim of any kind against any of the parties to the FISMOU for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information pursuant

A handwritten signature in dark ink, appearing to be 'RM' with a flourish underneath.

to the FISMOU, the improper use of the information, any representations regarding that information, the failure to provide any such information or representation, or the release of any such information or representation, and (3) agrees to indemnify and hold harmless its designated U.S. SRO, and any successor thereto, for any judgment, settlement, award, fine, penalty or other expense (including attorney's fees and costs) incurred by such designated U.S. SRO in any action, claim or controversy against such designated U.S. SRO in whole or in part arising out of the provision of information under the FISMOU, any delays, inaccuracies, errors or omissions with respect to such provision of information, any representation regarding that information as provided under the FISMOU, the improper use of the information, or the failure to provide any such information or representation; Provided, however, that no settlement shall be made by such U.S. SRO in any such action, claim or controversy without the prior written consent of the Company; and Provided further, that the Company may assume, at its sole expense, the defense or representation of the U.S. SRO in any such action, claim or controversy upon a showing, satisfactory to the U.S. SRO, that the Company is and will remain able to satisfy all expenses (as hereinabove defined) that may be incurred by the U.S. SRO as a result of such action, claim or controversy.

Subject to the provisions of Article IV, the Company hereby consents, to the extent of its legal capacity, that information provided about its financial viability under paragraph 3(a) of

A handwritten signature, possibly "KIM", with the number "23" written below it.

Consent Letter
Page 4

Article III of the FISMOU by the CFTC to the SIB that does not involve the disclosure of customer positions or other information protected by Section 8 of the Commodity Exchange Act may be disclosed by SIB to a U.K. SRO.

We trust that the information contained herein is sufficient to permit the granting of the waiver to Company of the financial regulations that deal with capital adequacy. If you need any further information, please feel free to contact _____.
Thank you for your attention to this matter.

Very truly yours,

Appropriate Officer With
Authority to Act for the Firm

cc: Andrea M. Corcoran, CFTC
Designated U.S. SRO

Handwritten signature of RDM, likely representing the Appropriate Officer.

FINANCIAL INFORMATION SHARING
MEMORANDUM OF UNDERSTANDING

ARTICLE I: GENERAL

The United States Commodity Futures Trading Commission ("CFTC"), an independent regulatory agency of the U.S. government, the Securities and Investments Board ("SIB"), a "designated agency" to which statutory powers have been transferred under the Financial Services Act of 1986 ("FSA") of the government of the United Kingdom and the self-regulatory organizations in the United States ("U.S. SROs") and in the United Kingdom ("U.K. SROs"), as defined in Article II and subscribed hereto, have reached the following understanding with respect to futures commission merchants ("FCMs") that are applicants or designated members, as defined in Article II.

Section 50 of the FSA and parallel provisions in the Rulebooks of the U.K. SROs provide authority for the SIB or a U.K. SRO to waive application of those Financial Regulation Rules that deal with capital adequacy, where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to customers. As part of their responsibilities under the Commodity Exchange Act ("CEA"), the CFTC and U.S. SROs monitor the capital adequacy of the aforesaid FCMs consistent with financial requirements promulgated under the CEA, and parallel financial requirements of the U.S. SROs, which have been approved by the CFTC. In consideration of these responsibilities, the

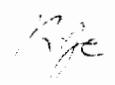
R.C.

applicability of such requirements and the understanding with respect to the exchange of information set forth below, the SIB and the U.K. SROs will not require designated member FCMs to comply with their respective capital adequacy requirements and any reporting standards relating solely to the measure or maintenance of capital adequacy. This understanding does not prevent a party from requesting other information from a designated member or the other parties hereto.

ARTICLE II: DEFINITIONS

1. For purposes of this Financial Information Sharing Memorandum of Understanding ("FISMOU"):
 - (a) "Applicant" means an FCM registered with the CFTC that is a member of a U.S. SRO that is a party to this FISMOU, that is a person that has requested authorization from its relevant U.K. regulator to establish a branch or to otherwise carry on an investment business in the United Kingdom ("U.K.") and that has requested that those Financial Regulation Rules that deal with capital adequacy be waived by the SIB and the relevant U.K. SRO. In order to be an applicant, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.

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- (b) "Designated member" means an FCM registered under the CEA that is a member of a U.S. SRO that is a party to this FISMOU, that has a branch or otherwise carries on an investment business in the U.K., that is an authorized or interim authorized person under the FSA for which those Financial Regulation Rules that deal with capital adequacy have been waived by the SIB or the relevant U.K. regulator. In order to be a designated member, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.
- (c) "Designated U.S. self-regulatory organization" or "designated U.S. SRO" means a U.S. SRO that has primary responsibility for examining a member FCM for compliance with minimum financial and related reporting requirements under CFTC oversight (i) pursuant to Section 4f(2) of the CEA and Rule 1.52 promulgated thereunder, and in accordance with a joint audit plan approved by the CFTC under that rule, or (ii) because the member FCM is a member solely of that U.S. SRO.
- (d) "Form 1-FR-FCM filing" means the financial report filed pursuant to Rule 1.10 under the CEA by an FCM on at least a semiannual basis with its designated U.S. SRO.
- 

- (e) "Joint Audit Committee" means that certain committee of representatives of all U.S. SROs which was established to coordinate audit and financial surveillance, plans, policies and procedures, particularly with respect to FCMs that are members of more than one U.S. SRO.
- (f) "Relevant U.K. regulator" means (i) where the FCM has been authorized under the FSA through membership in a single U.K. SRO, the U.K. SRO of which the FCM is a member, (ii) where the FCM has been authorized under the FSA through membership in more than one U.K. SRO, the U.K. SRO that the U.K. SROs have agreed should be the recipient of information under this FISMOU, or (iii) the SIB, where the FCM has been interim authorized or authorized by SIB under the FSA.
- (g) "Rule 1.12 telegram" means the telegraphic or written notice filed by an FCM with its designated U.S. SRO and the CFTC pursuant to Rule 1.12 promulgated under the CEA if the FCM's (i) adjusted net capital falls below the minimum required by an applicable capital rule, (ii) adjusted net capital falls below 150 percent of the minimum required by an applicable capital rule, (iii) books and records are not current, (iv) accounting system, accounting controls, procedures for safeguarding customer and firm assets or the practices and procedures specified in Rule 1.16(d)(1) promulgated under the CEA, contain a material inadequacy, as

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defined in Rule 1.16(d)(2) promulgated under the CEA, or (v) carried accounts include an account which is undermargined by an amount which exceeds the firm's adjusted net capital.

- (h) "U.S. self-regulatory organization" or "U.S. SRO" means the Board of Trade of the City of Chicago, the Chicago Mercantile Exchange, the Commodity Exchange, Inc., New York Mercantile Exchange, National Futures Association or any other self-regulatory organization as defined in Rule 1.3(ee) promulgated under the CEA that becomes a party to this FISMOU in accordance with Article VII.
- (i) "U.K. self-regulating organisation" or "U.K. SRO" means the Association of Futures Brokers and Dealers, The Securities Association or any other self-regulating organisation that has been recognized pursuant to Section 10 of the FSA and is or becomes a party to this FISMOU in accordance with Article VII.

ARTICLE III: EXCHANGE OF INFORMATION

1. (a) Each U.S. SRO will provide to the relevant U.K. regulator, commencing with the first filing due after the effective date hereof as to that U.S. SRO, as promptly as practicable after receipt of the relevant report, the following information with respect to a designated member for which it is the designated U.S. SRO.

- (i) Copies of the cover sheet used by the U.S. SRO in its review of each Form 1-FR-FCM filing. The U.S. SRO will


represent that it has reviewed the Form 1-FR-FCM filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO also will provide a copy of the Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams.

(iii) Notification if the designated member is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

(b) Each U.S. SRO will provide the relevant U.K. regulator as promptly as practicable upon request the following information with respect to an applicant for which it is the designated U.S. SRO.

(i) Copies of the cover sheet used by the U.S. SRO in its review of the most recent Form 1-FR-FCM filing. The U.S. SRO will represent that the copy provided is the cover sheet with respect to the most recent Form 1-FR-FCM filing, that it has reviewed such filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the



minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO will also provide a copy of the most recent Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams since the "as of" date of the most recent 1-FR-FCM filing.

(iii) Notification if the applicant is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

2. (a) Notwithstanding any other provision of this FISMOU, if information is provided by a U.S. SRO to the relevant U.K. regulator pursuant to paragraph 1(a) of this Article III, such information need not be provided by that U.S. SRO to any other U.K. SRO or U.K. regulator; provided further, however, that subject to Article IV, such U.K. SRO directly may furnish such information to another U.K. SRO or U.K. regulator.

(b) If any relevant U.K. regulator agrees to indemnify any regulatory or self-regulatory authority in the United States or any other country in connection with the receipt of information or representations similar to that described in paragraphs 1(a) or 1(b) of this Article III, the relevant U.K. regulator must make such indemnity arrangement available to each U.S. SRO providing it with information under paragraphs 1(a) or 1(b) of this Article III.

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3. (a) The CFTC will use its best efforts to notify the SIB if it becomes aware, through a U.S. SRO or otherwise, that an event has occurred that, in the sole judgment of the CFTC, materially and adversely affects the financial or operational viability of an applicant or a designated member.

(b) The relevant U.K. regulator will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of a substantial financial, operational or other problem at a United Kingdom branch of, or as a result of investment business conducted in the U.K. by, a designated member. The CFTC may make information received pursuant to this paragraph available to a U.S. SRO.

(c) The SIB or the relevant U.K. SRO will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of any information which in its respective judgment affects the financial or operational viability of a U.K.-domiciled firm doing business in the U.S. under a comparability exemption granted pursuant to Rule 30.10 promulgated under the CEA which may defer to the financial regulation rules of the SIB and the relevant U.K. SRO. The CFTC may make information received pursuant to this paragraph 3(c) available to National Futures Association.

4. Where an indemnity, or other mutually acceptable arrangement, for protecting the exchange of information is in place between a designated U.S. SRO and a relevant U.K. SRO, notification, information, and representations by the relevant

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U.K. SRO under paragraphs 3(b) of this Article III, and notification and information as to an event which in a designated U.S. SRO's sole judgment materially and adversely affects the financial or operational viability of an applicant or designated member also may be exchanged directly between the designated U.S. SRO and relevant U.K. SRO. A copy of the applicable agreement will be provided to the CFTC by the designated U.S. SRO and to the SIB by the relevant U.K. SRO.

5. Where SIB or a U.K. SRO intends to take action in relation to a designated member or an applicant on the basis of information supplied by the CFTC, or a designated U.S. SRO, pursuant to this FISMOU, SIB or such U.K. SRO, as appropriate, will to the extent practicable give prior notice to the CFTC and the designated U.S. SRO.

ARTICLE IV: CONFIDENTIALITY OF INFORMATION

1. (a) Each party to this FISMOU has advised the other parties of the rules, regulations and procedures which govern the maintenance of confidentiality of information exchanged hereunder. Each party will comply with its procedures for maintaining confidentiality and will advise the SIB or the CFTC as appropriate of any changes therein.

(b) Each party to this FISMOU will keep confidential to the extent permitted by law any information exchanged between the parties pursuant to this FISMOU under Article III, provided that such information may be disclosed in appropriate circumstances in accordance with this FISMOU and otherwise under applicable law to

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any person associated with or employed by the U.S. Congress, CFTC, SIB, Bank of England, the U.K. Department of Trade and Industry [Insurance Division] (U.K.), the Serious Fraud Office (U.K.), Board of Governors of the Federal Reserve System, U.S. Department of the Treasury, U.S. Department of Justice, U.S. Securities and Exchange Commission, U.S. Securities Investor Protection Corporation, a receiver, any agency of the federal government or of a state government in the U.S., U.S. self-regulatory organizations (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisations (that are recognized pursuant to Section 10 of the FSA) pursuant to their use for the purpose of:

- (i) securing compliance with or enforcement of or conducting any investigation relating to the statutes, rules and requirements of the United States or the United Kingdom or the rules of the U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) or
- (ii) conducting a civil or administrative enforcement or receivership proceeding or other U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) disciplinary proceeding, assisting in a criminal

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prosecution, or conducting any investigation related thereto for any possible violation related to the statutes, rules or requirements specified in subparagraph 1(b)(i) of this Article IV.

(c) The SIB will keep confidential and will not disclose to other parties to this FISMOU or otherwise any information received from the CFTC pursuant to this FISMOU under paragraph 3(a) of Article III, provided that such information may be disclosed in connection with an adjudicatory action or proceeding brought under the laws of the U.K. or the rules and requirements of the SIB in the U.K. or the SIB is a party thereto or, provided further, that such information may be provided by the SIB to a U.K. SRO if applicable U.S. and U.K. law permits or if the designated member provides such consents to the CFTC and the SIB as may be legally effective to permit such disclosure.

2. Except as contemplated in paragraph 1(b) of this Article IV, if any party to this FISMOU receiving information pursuant to this FISMOU becomes aware that such information has been received by any person that is not a party to this FISMOU, it shall inform the party providing the information and will thereafter use its best efforts to ensure that such information will not be used in any way that involves disclosure not permitted by this FISMOU.

3. If a party which receives information pursuant to this FISMOU receives any legally enforceable demand for such information, such party will to the best of its ability, prior to complying with the demand, promptly notify the party who provided such

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information, and assert appropriate legal exemptions or privileges with respect to such information as may be available.

4. Upon the execution of this FISMOU, the CFTC and the SIB will exchange lists of the designated members and applicants and the designated U.S. SRO and relevant U.K. regulator with respect to each. Thereafter, the SIB and CFTC will report any changes as to the relevant U.K. regulator and the designated U.S. SRO. When an applicant applies to a relevant U.K. regulator for a waiver of its financial regulation rules, the relevant U.K. regulator will advise the CFTC and the designated U.S. SRO reported by the applicant. The designated U.S. SRO will confirm in writing to the SIB its status as such.

ARTICLE V: LIMITATIONS OF LIABILITY

1. The parties to this FISMOU and their respective commissioners, directors, officers, employees or agents shall not be liable to the other parties to this FISMOU and their respective commissioners, directors, officers, employees or agents for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information or any representation regarding that information as provided hereby or the failure to provide any such information or representation. It is understood that the information is being supplied on a best efforts basis and no warranties, expressed or implied, are made by the parties with respect to the information to be furnished hereunder.

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2. The provisions of this FISMOU shall not give rise to the right on the part of any non-party to this FISMOU, directly or indirectly, to obtain any information or to challenge the execution of a request for information or the furnishing of any information or representation under this FISMOU. Nothing in this FISMOU shall entitle any person, entity or government authority to any rights as a third party beneficiary.

ARTICLE VI: DISPUTES AND CONSULTATIONS

1. The parties will engage in consultations with respect to this FISMOU with a view to improving its operation and resolving any issues that may arise. The parties will also use their best efforts to notify each other of significant financial rule changes.

2. Except for the limitation on disclosure of information set forth in paragraph 1(c) of Article IV of this FISMOU, any of the conditions of this FISMOU may be amended, relaxed or waived by mutual agreement of the CFTC, SIB, the relevant U.K. regulator and the designated U.S. SRO. Any such amendment, relaxation, or waiver shall be confirmed in writing among the affected parties as soon as practicable.

ARTICLE VII: EXECUTION

1. This FISMOU will be effective from the date of its execution by the SIB, the CFTC and any U.S. SRO and relevant U.K. SRO; thereafter, it shall be effective as to each U.S. SRO or U.K. SRO from the date of its execution by such U.S. SRO or U.K. SRO.

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2. Any U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) may become a party to this FISMOU by executing a counterpart hereof together with the CFTC and SIB and providing notice to the other U.S. SROs and U.K. SROs thereof that are parties to this FISMOU. The executed counterpart shall be deemed to be a part of the original FISMOU.

ARTICLE VIII: CONTACT OFFICERS

Information shall be exchanged pursuant to this FISMOU through the contact officers identified in Appendix A or their designees.

ARTICLE IX: TERMINATION

Any party may terminate its participation in this FISMOU provided it furnishes the other parties with at least 120 days prior written notice.

DATED this 13th day of Sept., 1988

United States Commodity
Futures Trading Commission

by _____

Board of Trade of the City
of Chicago

by _____

Chicago Mercantile Exchange

by _____

Securities and Investments
Board

by _____

The Association of Futures
Brokers and Dealers Limited

by _____

The Securities Association
Limited

by _____

BK

Commodity Exchange, Inc.

by _____

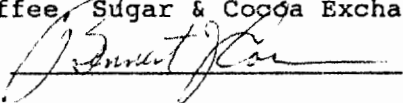
New York Mercantile Exchange

by _____

National Futures Association

by _____

Coffee, Sugar & Cocoa Exchange Inc.

by 

Investment Management
Regulatory Organisation Ltd.

by _____

APPENDIX A

CONTACT OFFICERS

United States Commodity Futures Trading Commission
2033 K Street N.W.
Washington, D.C. 20581
U.S.A.
Attention: Director, Division of Trading and Markets
Telephone (202) 254-8955 or 254-6488 Fax (202) 254-6265

Securities and Investments Board
3 Royal Exchange Buildings
London EC3V 3NL
England
Attention: Director, Regulation
Telephone 01 283-2474 Fax 01 929-0433

Board of Trade of the City of Chicago
141 West Jackson Boulevard
Chicago, Illinois 60604
U.S.A.
Attention: Administrator, Office of Investigations and Audits
Telephone (312) 435-3659 Fax (312) 435-7170

Chicago Mercantile Exchange
30 South Wacker Drive
Chicago, Illinois 60606
U.S.A.
Attention: Vice President, Audit Department
Telephone (312) 930-3230 Fax (312) 930-3187

Commodity Exchange, Inc.
Four World Trade Center
New York, New York 10048
U.S.A.
Attention: Vice President, Compliance
Telephone (212) 938-2943 Fax (212) 432-1154

The Association of Futures Brokers and Dealers Limited
B Section 5th Floor Plantation House
5-8 Mincing Lane
London EC3M 3DX
England
Attention: Head of Enforcement
Telephone 01 626-9763 Fax 01 626-9760

The Securities Association Limited
The Stock Exchange Building
London EC2N 1EQ
England

File

Attention: Director of Enforcement
Telephone 01 256-9000 Fax 01 628-1052

New York Mercantile Exchange
Four World Trade Center
New York, New York 10048
U.S.A.

Attention: Vice President, Financial Surveillance
Telephone (212) 938-2238 Fax (212) 938-7954

National Futures Association
200 West Madison Street
Chicago, Illinois 60606
U.S.A.

Attention: Vice President-Compliance
Telephone (312) 781-1320 Fax (312) 781-1467

Investment Management Regulatory Organisation Limited
Centre Point
103 New Oxford Street
London WC1A 1PT
England

Attention: Director of Membership
Telephone 01 379-0601 Fax 01 379-4121

BP

EXHIBIT 1

[Relevant U.K. Regulator]
[Designated U.S. SRO]
[CFTC]

Re: Waiver of Financial Requirements

Dear [appropriate official]:

Company is a registered futures commission merchant in the United States with a branch office in the United Kingdom. Our current designated self-regulatory organization ("SRO") is _____. The Company wishes to continue to engage in business in the United Kingdom without being subject to the financial regulation rules of the Financial Services Act of 1986 ("FSA"). Section 50 of the FSA and parallel provisions in the rulebooks of the U.K. SROs provide authority for the Securities and Investments Board ("SIB") or U.K. SRO to waive application of those financial regulation rules where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to investors.

Company recognizes the SIB's and U.K. SRCs' obligations to assure that entities operating in the United Kingdom are fit and proper to do so. Company understands that the SIB, the Commodity Futures Trading Commission ("CFTC"), certain U.S. SROs and

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certain U.K. SROs have entered into a Financial Information Sharing Memorandum of Understanding ("FISMOU"). Company also understands that the FISMOU is intended to establish a lead regulator structure whereby the SIB and/or the U.K. SROs will waive their financial regulation rules and will rely instead on certain information supplied by our designated self-regulatory organization, which may change from time to time, to assure themselves that it is appropriate for Company to continue to operate its U.K. branch office. Such information will consist of reviews of periodic financial reports, early warning notices, notification of high risk classification, and any other information reasonably related to the financial condition of Company or any affiliate or subsidiary for which it files consolidated financial statements requested by the SIB and/or U.K. SROs.

In consideration of the relevant U.K. regulator waiving its relevant financial regulation rules, the Company hereby:

(1) consents to the release of information and representations regarding that information made pursuant to the FISMOU with respect to itself and any affected subsidiaries or affiliates for which it files consolidated financial statements, (2) represents that it will not, and such subsidiaries and affiliates will not, assert any claim of any kind against any of the parties to the FISMOU for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information pursuant

BPC

to the FISMOU, the improper use of the information, any representations regarding that information, the failure to provide any such information or representation, or the release of any such information or representation, and (3) agrees to indemnify and hold harmless its designated U.S. SRO, and any successor thereto, for any judgment, settlement, award, fine, penalty or other expense (including attorney's fees and costs) incurred by such designated U.S. SRO in any action, claim or controversy against such designated U.S. SRO in whole or in part arising out of the provision of information under the FISMOU, any delays, inaccuracies, errors or omissions with respect to such provision of information, any representation regarding that information as provided under the FISMOU, the improper use of the information, or the failure to provide any such information or representation; Provided, however, that no settlement shall be made by such U.S. SRO in any such action, claim or controversy without the prior written consent of the Company; and Provided further, that the Company may assume, at its sole expense, the defense or representation of the U.S. SRO in any such action, claim or controversy upon a showing, satisfactory to the U.S. SRO, that the Company is and will remain able to satisfy all expenses (as hereinabove defined) that may be incurred by the U.S. SRO as a result of such action, claim or controversy.

Subject to the provisions of Article IV, the Company hereby consents, to the extent of its legal capacity, that information provided about its financial viability under paragraph 3(a) of

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Consent Letter
Page 4

Article III of the FISMOU by the CFTC to the SIB that does not involve the disclosure of customer positions or other information protected by Section 8 of the Commodity Exchange Act may be disclosed by SIB to a U.K. SRO.

We trust that the information contained herein is sufficient to permit the granting of the waiver to Company of the financial regulations that deal with capital adequacy. If you need any further information, please feel free to contact _____.
Thank you for your attention to this matter.

Very truly yours,

Appropriate Officer With
Authority to Act for the Firm

cc: Andrea M. Corcoran, CFTC
Designated U.S. SRO

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FINANCIAL INFORMATION SHARING
MEMORANDUM OF UNDERSTANDING

ARTICLE I: GENERAL

The United States Commodity Futures Trading Commission ("CFTC"), an independent regulatory agency of the U.S. government, the Securities and Investments Board ("SIB"), a "designated agency" to which statutory powers have been transferred under the Financial Services Act of 1986 ("FSA") of the government of the United Kingdom and the self-regulatory organizations in the United States ("U.S. SROs") and in the United Kingdom ("U.K. SROs"), as defined in Article II and subscribed hereto, have reached the following understanding with respect to futures commission merchants ("FCMs") that are applicants or designated members, as defined in Article II.

Section 50 of the FSA and parallel provisions in the Rulebooks of the U.K. SROs provide authority for the SIB or a U.K. SRO to waive application of those Financial Regulation Rules that deal with capital adequacy, where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to customers. As part of their responsibilities under the Commodity Exchange Act ("CEA"), the CFTC and U.S. SROs monitor the capital adequacy of the aforesaid FCMs consistent with financial requirements promulgated under the CEA, and parallel financial requirements of the U.S. SROs, which have been approved by the CFTC. In consideration of these responsibilities, the

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applicability of such requirements and the understanding with respect to the exchange of information set forth below, the SIB and the U.K. SROs will not require designated member FCMs to comply with their respective capital adequacy requirements and any reporting standards relating solely to the measure or maintenance of capital adequacy. This understanding does not prevent a party from requesting other information from a designated member or the other parties hereto.

ARTICLE II: DEFINITIONS

1. For purposes of this Financial Information Sharing Memorandum of Understanding ("FISMOU"):

- (a) "Applicant" means an FCM registered with the CFTC that is a member of a U.S. SRO that is a party to this FISMOU, that is a person that has requested authorization from its relevant U.K. regulator to establish a branch or to otherwise carry on an investment business in the United Kingdom ("U.K.") and that has requested that those Financial Regulation Rules that deal with capital adequacy be waived by the SIB and the relevant U.K. SRO. In order to be an applicant, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.

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- (b) "Designated member" means an FCM registered under the CEA that is a member of a U.S. SRO that is a party to this FISMOU, that has a branch or otherwise carries on an investment business in the U.K., that is an authorized or interim authorized person under the FSA for which those Financial Regulation Rules that deal with capital adequacy have been waived by the SIB or the relevant U.K. regulator. In order to be a designated member, an FCM must complete three originals of a signed consent in the form of the consent annexed as Exhibit 1 hereto and made a part hereof, addressed to the relevant U.K. regulator, such FCM's designated U.S. SRO and the CFTC.
- (c) "Designated U.S. self-regulatory organization" or "designated U.S. SRO" means a U.S. SRO that has primary responsibility for examining a member FCM for compliance with minimum financial and related reporting requirements under CFTC oversight (i) pursuant to Section 4f(2) of the CEA and Rule 1.52 promulgated thereunder, and in accordance with a joint audit plan approved by the CFTC under that rule, or (ii) because the member FCM is a member solely of that U.S. SRO.
- (d) "Form 1-FR-FCM filing" means the financial report filed pursuant to Rule 1.10 under the CEA by an FCM on at least a semiannual basis with its designated U.S. SRO.
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- (e) "Joint Audit Committee" means that certain committee of representatives of all U.S. SROs which was established to coordinate audit and financial surveillance, plans, policies and procedures, particularly with respect to FCMs that are members of more than one U.S. SRO.
- (f) "Relevant U.K. regulator" means (i) where the FCM has been authorized under the FSA through membership in a single U.K. SRO, the U.K. SRO of which the FCM is a member, (ii) where the FCM has been authorized under the FSA through membership in more than one U.K. SRO, the U.K. SRO that the U.K. SROs have agreed should be the recipient of information under this FISMOU, or (iii) the SIB, where the FCM has been interim authorized or authorized by SIB under the FSA.
- (g) "Rule 1.12 telegram" means the telegraphic or written notice filed by an FCM with its designated U.S. SRO and the CFTC pursuant to Rule 1.12 promulgated under the CEA if the FCM's (i) adjusted net capital falls below the minimum required by an applicable capital rule, (ii) adjusted net capital falls below 150 percent of the minimum required by an applicable capital rule, (iii) books and records are not current, (iv) accounting system, accounting controls, procedures for safeguarding customer and firm assets or the practices and procedures specified in Rule 1.16(d)(1) promulgated under the CEA, contain a material inadequacy, as

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defined in Rule 1.16(d)(2) promulgated under the CEA, or (v) carried accounts include an account which is undermargined by an amount which exceeds the firm's adjusted net capital.

- (h) "U.S. self-regulatory organization" or "U.S. SRO" means the Board of Trade of the City of Chicago, the Chicago Mercantile Exchange, the Commodity Exchange, Inc., New York Mercantile Exchange, National Futures Association or any other self-regulatory organization as defined in Rule 1.3(ee) promulgated under the CEA that becomes a party to this FISMOU in accordance with Article VII.
- (i) "U.K. self-regulating organisation" or "U.K. SRO" means the Association of Futures Brokers and Dealers, The Securities Association or any other self-regulating organisation that has been recognized pursuant to Section 10 of the FSA and is or becomes a party to this FISMOU in accordance with Article VII.

ARTICLE III: EXCHANGE OF INFORMATION

1. (a) Each U.S. SRO will provide to the relevant U.K. regulator, commencing with the first filing due after the effective date hereof as to that U.S. SRO, as promptly as practicable after receipt of the relevant report, the following information with respect to a designated member for which it is the designated U.S. SRO.

- (i) Copies of the cover sheet used by the U.S. SRO in its review of each Form 1-FR-FCM filing. The U.S. SRO will

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represent that it has reviewed the Form 1-FR-FCM filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO also will provide a copy of the Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams.

(iii) Notification if the designated member is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

(b) Each U.S. SRO will provide the relevant U.K. regulator as promptly as practicable upon request the following information with respect to an applicant for which it is the designated U.S. SRO.

(i) Copies of the cover sheet used by the U.S. SRO in its review of the most recent Form 1-FR-FCM filing. The U.S. SRO will represent that the copy provided is the cover sheet with respect to the most recent Form 1-FR-FCM filing, that it has reviewed such filing and that, based solely on its review of the information in that filing, it has no reason to believe (or it has reason to believe) that there exists a violation of the

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minimum adjusted net capital requirement set forth in Rule 1.17 promulgated under the CEA. The U.S. SRO will also provide a copy of the most recent Form 1-FR-FCM upon request of the relevant U.K. regulator.

(ii) Copies of Rule 1.12 telegrams since the "as of" date of the most recent 1-FR-FCM filing.

(iii) Notification if the applicant is classified as high risk under the Joint Audit Committee criteria, e.g., the ratio of customers' equities to the firm's adjusted net capital as calculated pursuant to the applicable capital rule exceeds 15 to 1.

2. (a) Notwithstanding any other provision of this FISMOU, if information is provided by a U.S. SRO to the relevant U.K. regulator pursuant to paragraph 1(a) of this Article III, such information need not be provided by that U.S. SRO to any other U.K. SRO or U.K. regulator; provided further, however, that subject to Article IV, such U.K. SRO directly may furnish such information to another U.K. SRO or U.K. regulator.

(b) If any relevant U.K. regulator agrees to indemnify any regulatory or self-regulatory authority in the United States or any other country in connection with the receipt of information or representations similar to that described in paragraphs 1(a) or 1(b) of this Article III, the relevant U.K. regulator must make such indemnity arrangement available to each U.S. SRO providing it with information under paragraphs 1(a) or 1(b) of this Article III.

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3. (a) The CFTC will use its best efforts to notify the SIB if it becomes aware, through a U.S. SRO or otherwise, that an event has occurred that, in the sole judgment of the CFTC, materially and adversely affects the financial or operational viability of an applicant or a designated member.

(b) The relevant U.K. regulator will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of a substantial financial, operational or other problem at a United Kingdom branch of, or as a result of investment business conducted in the U.K. by, a designated member. The CFTC may make information received pursuant to this paragraph available to a U.S. SRO.

(c) The SIB or the relevant U.K. SRO will use its best efforts to notify and discuss with the CFTC if it becomes aware, through a U.K. SRO or otherwise, of any information which in its respective judgment affects the financial or operational viability of a U.K.-domiciled firm doing business in the U.S. under a comparability exemption granted pursuant to Rule 30.10 promulgated under the CEA which may defer to the financial regulation rules of the SIB and the relevant U.K. SRO. The CFTC may make information received pursuant to this paragraph 3(c) available to National Futures Association.

4. Where an indemnity, or other mutually acceptable arrangement, for protecting the exchange of information is in place between a designated U.S. SRO and a relevant U.K. SRO, notification, information, and representations by the relevant

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U.K. SRO under paragraphs 3(b) of this Article III, and notification and information as to an event which in a designated U.S. SRO's sole judgment materially and adversely affects the financial or operational viability of an applicant or designated member also may be exchanged directly between the designated U.S. SRO and relevant U.K. SRO. A copy of the applicable agreement will be provided to the CFTC by the designated U.S. SRO and to the SIB by the relevant U.K. SRO.

5. Where SIB or a U.K. SRO intends to take action in relation to a designated member or an applicant on the basis of information supplied by the CFTC, or a designated U.S. SRO, pursuant to this FISMOU, SIB or such U.K. SRO, as appropriate, will to the extent practicable give prior notice to the CFTC and the designated U.S. SRO.

ARTICLE IV: CONFIDENTIALITY OF INFORMATION

1. (a) Each party to this FISMOU has advised the other parties of the rules, regulations and procedures which govern the maintenance of confidentiality of information exchanged hereunder. Each party will comply with its procedures for maintaining confidentiality and will advise the SIB or the CFTC as appropriate of any changes therein.

(b) Each party to this FISMOU will keep confidential to the extent permitted by law any information exchanged between the parties pursuant to this FISMOU under Article III, provided that such information may be disclosed in appropriate circumstances in accordance with this FISMOU and otherwise under applicable law to

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any person associated with or employed by the U.S. Congress, CFTC, SIB, Bank of England, the U.K. Department of Trade and Industry [Insurance Division] (U.K.), the Serious Fraud Office (U.K.), Board of Governors of the Federal Reserve System, U.S. Department of the Treasury, U.S. Department of Justice, U.S. Securities and Exchange Commission, U.S. Securities Investor Protection Corporation, a receiver, any agency of the federal government or of a state government in the U.S., U.S. self-regulatory organizations (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisations (that are recognized pursuant to Section 10 of the FSA) pursuant to their use for the purpose of:

- (i) securing compliance with or enforcement of or conducting any investigation relating to the statutes, rules and requirements of the United States or the United Kingdom or the rules of the U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) or
- (ii) conducting a civil or administrative enforcement or receivership proceeding or other U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) disciplinary proceeding, assisting in a criminal

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prosecution, or conducting any investigation related thereto for any possible violation related to the statutes, rules or requirements specified in subparagraph 1(b)(i) of this Article IV.

(c) The SIB will keep confidential and will not disclose to other parties to this FISMOU or otherwise any information received from the CFTC pursuant to this FISMOU under paragraph 3(a) of Article III, provided that such information may be disclosed in connection with an adjudicatory action or proceeding brought under the laws of the U.K. or the rules and requirements of the SIB in the U.K. or the SIB is a party thereto or, provided further, that such information may be provided by the SIB to a U.K. SRO if applicable U.S. and U.K. law permits or if the designated member provides such consents to the CFTC and the SIB as may be legally effective to permit such disclosure.

2. Except as contemplated in paragraph 1(b) of this Article IV, if any party to this FISMOU receiving information pursuant to this FISMOU becomes aware that such information has been received by any person that is not a party to this FISMOU, it shall inform the party providing the information and will thereafter use its best efforts to ensure that such information will not be used in any way that involves disclosure not permitted by this FISMOU.

3. If a party which receives information pursuant to this FISMOU receives any legally enforceable demand for such information, such party will to the best of its ability, prior to complying with the demand, promptly notify the party who provided such

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information, and assert appropriate legal exemptions or privileges with respect to such information as may be available.

4. Upon the execution of this FISMOU, the CFTC and the SIB will exchange lists of the designated members and applicants and the designated U.S. SRO and relevant U.K. regulator with respect to each. Thereafter, the SIB and CFTC will report any changes as to the relevant U.K. regulator and the designated U.S. SRO. When an applicant applies to a relevant U.K. regulator for a waiver of its financial regulation rules, the relevant U.K. regulator will advise the CFTC and the designated U.S. SRO reported by the applicant. The designated U.S. SRO will confirm in writing to the SIB its status as such.

ARTICLE V: LIMITATIONS OF LIABILITY

1. The parties to this FISMOU and their respective commissioners, directors, officers, employees or agents shall not be liable to the other parties to this FISMOU and their respective commissioners, directors, officers, employees or agents for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information or any representation regarding that information as provided hereby or the failure to provide any such information or representation. It is understood that the information is being supplied on a best efforts basis and no warranties, expressed or implied, are made by the parties with respect to the information to be furnished hereunder.

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2. The provisions of this FISMOU shall not give rise to the right on the part of any non-party to this FISMOU, directly or indirectly, to obtain any information or to challenge the execution of a request for information or the furnishing of any information or representation under this FISMOU. Nothing in this FISMOU shall entitle any person, entity or government authority to any rights as a third party beneficiary.

ARTICLE VI: DISPUTES AND CONSULTATIONS

1. The parties will engage in consultations with respect to this FISMOU with a view to improving its operation and resolving any issues that may arise. The parties will also use their best efforts to notify each other of significant financial rule changes.

2. Except for the limitation on disclosure of information set forth in paragraph 1(c) of Article IV of this FISMOU, any of the conditions of this FISMOU may be amended, relaxed or waived by mutual agreement of the CFTC, SIB, the relevant U.K. regulator and the designated U.S. SRO. Any such amendment, relaxation, or waiver shall be confirmed in writing among the affected parties as soon as practicable.

ARTICLE VII: EXECUTION

1. This FISMOU will be effective from the date of its execution by the SIB, the CFTC and any U.S. SRO and relevant U.K. SRO; thereafter, it shall be effective as to each U.S. SRO or U.K. SRO from the date of its execution by such U.S. SRO or U.K. SRO.

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2. Any U.S. self-regulatory organization (as defined in Rule 1.3(ee) promulgated under the CEA) or U.K. self-regulating organisation (that is recognized pursuant to Section 10 of the FSA) may become a party to this FISMOU by executing a counterpart hereof together with the CFTC and SIB and providing notice to the other U.S. SROs and U.K. SROs thereof that are parties to this FISMOU. The executed counterpart shall be deemed to be a part of the original FISMOU.

ARTICLE VIII: CONTACT OFFICERS

Information shall be exchanged pursuant to this FISMOU through the contact officers identified in Appendix A or their designees.

ARTICLE IX: TERMINATION

Any party may terminate its participation in this FISMOU provided it furnishes the other parties with at least 120 days prior written notice.

DATED this 17th day of October , 1988

United States Commodity
Futures Trading Commission

by _____

Board of Trade of the City
of Chicago

by _____

Chicago Mercantile Exchange

by _____

Securities and Investments
Board

by _____

The Association of Futures
Brokers and Dealers Limited

by _____

The Securities Association
Limited

by _____

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Commodity Exchange, Inc.

by _____

New York Mercantile Exchange

by _____

National Futures Association

by _____

Coffee, Sugar & Cocoa Exchange Inc.

by _____

New York Futures Exchange, Inc.

by Leon Brown

Investment Management
Regulatory Organisation Ltd.

by _____

APPENDIX A

CONTACT OFFICERS

United States Commodity Futures Trading Commission
2033 K Street N.W.
Washington, D.C. 20581
U.S.A.
Attention: Director, Division of Trading and Markets
Telephone (202) 254-8955 or 254-6488 Fax (202) 254-6265

Securities and Investments Board
3 Royal Exchange Buildings
London EC3V 3NL
England
Attention: Director, Regulation
Telephone 01 283-2474 Fax 01 929-0433

Board of Trade of the City of Chicago
141 West Jackson Boulevard
Chicago, Illinois 60604
U.S.A.
Attention: Administrator, Office of Investigations and Audits
Telephone (312) 435-3659 Fax (312) 435-7170

Chicago Mercantile Exchange
30 South Wacker Drive
Chicago, Illinois 60606
U.S.A.
Attention: Vice President, Audit Department
Telephone (312) 930-3230 Fax (312) 930-3187

Commodity Exchange, Inc.
Four World Trade Center
New York, New York 10048
U.S.A.
Attention: Vice President, Compliance
Telephone (212) 938-2943 Fax (212) 432-1154

The Association of Futures Brokers and Dealers Limited
B Section 5th Floor Plantation House
5-8 Mincing Lane
London EC3M 3DX
England
Attention: Head of Enforcement
Telephone 01 626-9763 Fax 01 626-9760

The Securities Association Limited
The Stock Exchange Building
London EC2N 1EQ
England

Attention: Director of Enforcement
Telephone 01 256-9000 Fax 01 628-1052

New York Mercantile Exchange
Four World Trade Center
New York, New York 10048
U.S.A.
Attention: Vice President, Financial Surveillance
Telephone (212) 938-2238 Fax (212) 938-7954

National Futures Association
200 West Madison Street
Chicago, Illinois 60606
U.S.A.
Attention: Vice President-Compliance
Telephone (312) 781-1320 Fax (312) 781-1467

Investment Management Regulatory Organisation Limited
Centre Point
103 New Oxford Street
London WC1A 1PT
England
Attention: Director of Membership
Telephone 01 379-0601 Fax 01 379-4121

New York Futures Exchange, Inc.
20 Broad Street
New York, New York 10005
U.S.A.
Attention: Vice President-Regulations & Surveillance
Telephone (212) 656-6928 Fax (212) 656-5557

EXHIBIT 1

[Relevant U.K. Regulator]
[Designated U.S. SRO]
[CFTC]

Re: Waiver of Financial Requirements

Dear [appropriate official]:

Company is a registered futures commission merchant in the United States with a branch office in the United Kingdom. Our current designated self-regulatory organization ("SRO") is _____. The Company wishes to continue to engage in business in the United Kingdom without being subject to the financial regulation rules of the Financial Services Act of 1986 ("FSA"). Section 50 of the FSA and parallel provisions in the rulebooks of the U.K. SROs provide authority for the Securities and Investments Board ("SIB") or U.K. SRO to waive application of those financial regulation rules where it finds that compliance would be unduly burdensome and waiver would not result in undue risk to investors.

Company recognizes the SIB's and U.K. SROs' obligations to assure that entities operating in the United Kingdom are fit and proper to do so. Company understands that the SIB, the Commodity Futures Trading Commission ("CFTC"), certain U.S. SROs and

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certain U.K. SROs have entered into a Financial Information Sharing Memorandum of Understanding ("FISMOU"). Company also understands that the FISMOU is intended to establish a lead regulator structure whereby the SIB and/or the U.K. SROs will waive their financial regulation rules and will rely instead on certain information supplied by our designated self-regulatory organization, which may change from time to time, to assure themselves that it is appropriate for Company to continue to operate its U.K. branch office. Such information will consist of reviews of periodic financial reports, early warning notices, notification of high risk classification, and any other information reasonably related to the financial condition of Company or any affiliate or subsidiary for which it files consolidated financial statements requested by the SIB and/or U.K. SROs.

In consideration of the relevant U.K. regulator waiving its relevant financial regulation rules, the Company hereby:

(1) consents to the release of information and representations regarding that information made pursuant to the FISMOU with respect to itself and any affected subsidiaries or affiliates for which it files consolidated financial statements, (2) represents that it will not, and such subsidiaries and affiliates will not, assert any claim of any kind against any of the parties to the FISMOU for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of information pursuant

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to the FISMOU, the improper use of the information, any representations regarding that information, the failure to provide any such information or representation, or the release of any such information or representation, and (3) agrees to indemnify and hold harmless its designated U.S. SRO, and any successor thereto, for any judgment, settlement, award, fine, penalty or other expense (including attorney's fees and costs) incurred by such designated U.S. SRO in any action, claim or controversy against such designated U.S. SRO in whole or in part arising out of the provision of information under the FISMOU, any delays, inaccuracies, errors or omissions with respect to such provision of information, any representation regarding that information as provided under the FISMOU, the improper use of the information, or the failure to provide any such information or representation; Provided, however, that no settlement shall be made by such U.S. SRO in any such action, claim or controversy without the prior written consent of the Company; and Provided further, that the Company may assume, at its sole expense, the defense or representation of the U.S. SRO in any such action, claim or controversy upon a showing, satisfactory to the U.S. SRO, that the Company is and will remain able to satisfy all expenses (as hereinabove defined) that may be incurred by the U.S. SRO as a result of such action, claim or controversy.

Subject to the provisions of Article IV, the Company hereby consents, to the extent of its legal capacity, that information provided about its financial viability under paragraph 3(a) of

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Article III of the FISMOU by the CFTC to the SIB that does not involve the disclosure of customer positions or other information protected by Section 8 of the Commodity Exchange Act may be disclosed by SIB to a U.K. SRO.

We trust that the information contained herein is sufficient to permit the granting of the waiver to Company of the financial regulations that deal with capital adequacy. If you need any further information, please feel free to contact _____.
Thank you for your attention to this matter.

Very truly yours,

Appropriate Officer With
Authority to Act for the Firm

cc: Andrea M. Corcoran, CFTC
Designated U.S. SRO

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