

From: Paul Richards [mailto:plr940@interaccess.com]
Sent: Wednesday, December 17, 2003 8:02 PM
To: secretary@cftc.gov
Subject: Re: U.S. Futures Exchange, LLC

December 17, 2003

Paul L. Richards
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Ms. Jean Webb
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Center 8th Floor
1155 21st Street, N.W.
Washington, D.C. 20581

Re: U.S. Futures Exchange, LLC

Dear Ms. Webb:

Let this letter serve as my expression of concern over the U.S. Futures Exchange's (a.k.a. Eurex U.S.) application to the Commodity Futures Trading Commission to become a registered exchange in the United States largely for two reasons: one, I am unable to read the application in its entirety, and two, it seems that Eurex intends to rely on practices that violate the transparency, price discovery and market integrity that allow the U.S. futures markets to function fairly.

Given that substantial portions of the Eurex U.S. application have been kept from the public eye, and maintained confidential, it is extremely difficult to offer reasonable comment on Eurex's proposed exchange. Without full disclosure, no one can make a meaningful assessment of their proposal. Therefore, I would ask that you make public every single section of Eurex's application so that everyone has the opportunity to respond fully to a complete application.

Beyond this lack of information, my greatest concern with the Eurex U.S. application is that Eurex U.S. will mirror its European market, which relies on non-transparent practices, such as the "call-around" market and payment for order flow (PFOF). These practices not only encourage the compromise of brokers' fiduciary duties to customers, but they also tend to favor the interests of large banks at the expense of our market-makers who provide vital liquidity. No one can tell me that a firm is doing its fiduciary duty to fill an order for their customer at the best price when that same firm's proprietary desk is taking the other side of that trade. As a CBOE member, I have seen the devastating effects to our markets that PFOF and internalization has wreaked.

Of course I know the importance of competition - I make my living competing for the best price every single day. But my fellow traders and I depend upon the U.S. futures markets' level playing field to provide us with an opportunity to compete. If Eurex succeeds in creating a U.S. market without fair and open price discovery, I am certain that many individual traders and trading firms will simply be unable to participate under such opaque, biased and unfair trading conditions, and that the U.S. futures markets will then cease to function as they were intended.

Please demand that Eurex U.S. fill in the missing pieces, both literally and figuratively. I urge you to make Eurex's complete application available to the public and to make certain the European's U.S. exchange will not violate the standards of transparency, market integrity and fairness we have worked so hard to create.

Sincerely,

Paul L. Richards