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U.S. COMMODITY FUTURES TRADING COMMISSION

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DIVISION OF
TRADING & MARKETS

COMMODITY FUTURES TRADING COMMISSION RECEIVED FOR PUBLIC RECORD
AUG 27 6 51 AM '98

Re: Request to Place DTB Terminals in "X's" Office

Dear :

Thank you for your letter to the Division of Trading and Markets ("Division") of the Commodity Futures Trading Commission ("Commission") dated June 24, 1998 on behalf of "X", which you have supplemented by letters dated July 20 and July 21, 1998. By your letters, you request that X be permitted to place Deutsche Terminborse ("DTB")[1] computer terminals in X's Chicago, Illinois office following DTB's approval of X's DTB membership application and pending the Commission's completion of its rulemaking process regarding foreign board of trade terminal placement in the U.S.[2]

In February 1996, the Division issued a "no-action" letter to DTB in response to its request that the Division not recommend enforcement action to the Commission if, under certain conditions, DTB placed computer terminals in the U.S. offices of its members. Prompted, among other things, by a significant increase in similar types of requests by foreign boards of trade, their members and their members' affiliates, it has been determined that issues concerning the placement in the U.S. of foreign board of trade computerized trading systems should be addressed by way of the Commission's notice and comment rulemaking process rather than by staff "no-action" letters issued on a case-by-case basis.

On July 17, 1998, the Commission issued a concept release requesting public comment by September 22, 1998 on issues concerning operation of foreign board of trade computer systems in the U.S.[3] We anticipate that the Commission ultimately may adopt final rules that, among other things, will establish specific requirements (1) for foreign boards of trade that wish

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1 DTB recently changed its name to Eurex Deutschland. For purposes of this letter, we will continue to refer to DTB.

2 Your June 24 letter indicated that DTB had suspended action on X's membership request as a result of the Commission's ongoing rulemaking process. However, by your letter dated July 21, you informed the Division that X recently has been notified by DTB that X may proceed with the final stages of the membership process.

3 63 Fed. Reg. 39779 (July 24, 1998).

designated as a U.S. contract market, and (2) for members of such foreign boards of trade and their affiliates that wish to utilize these electronic systems.

Because of the issuance of the concept release, the Division recently issued a follow-up letter to DTB regarding the 1996 no-action letter.[4] With the exception of eleven firms identified by DTB whose DTB applications were pending as of April 30, that letter is intended to maintain the status quo and prevent new members of DTB from using terminals in the U.S. until the Commission further addresses these issues. Thus, absent extraordinary circumstances the Division will not issue no-action relief allowing the placement of further DTB terminals in the U.S., and we are therefore unable to grant your request.

As stated above, the comment period is now open for the Commission's concept release and we invite your comments thereon. If you have any questions concerning this correspondence, please contact me or Larry Eckert, an attorney on my staff, at (202) 418-5450.

Sincerely yours,

David M. Battan
Chief Counsel

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[4] The follow-up letter is CFTC Interpretative Letter No. 98-42, 1998 WL 377865 (June 3, 1998).