

August 10, 1999

Ms. Catherine Langlais

Senior Vice President

Parisbourse^{SBF} SA

115 rue Réaumur

75002 Paris

France

Re: Sections 5 and 5a - Parisbourse ^{SBF} SA; Request for

No-Action Relief from Contract Market Designation Requirement

Dear Ms. Langlais:

This is in response to your letter dated June 24, 1999 to the Division of Trading and Markets ("Division") of the Commodity Futures Trading Commission ("CFTC" or "Commission"). By this correspondence, you request on behalf of Parisbourse ^{SBF} SA ("Parisbourse") that the Division confirm that it will not recommend enforcement action to the Commission against Parisbourse and the members of the Marché à Terme International de France ("MATIF") and Marché des Options Négociables de Paris ("MONEP") if Parisbourse does not seek designation as a contract market pursuant to Sections 5 and 5a of the Commodity Exchange Act, as amended ("Act" or "CEA"), or comply with those Commission regulations that specifically relate to contract markets, in connection with the installation and use in the United States of the Nouveau Systeme de Cotation ("NSC"), Parisbourse's electronic trading and order matching system ("No-Action Request"). Specifically, Parisbourse wishes to make NSC terminals available to: (i) MATIF and MONEP members who wish to trade for their proprietary accounts through NSC terminals located in the United States; (ii) MATIF and MONEP members who are registered with the Commission as futures commission merchants ("FCMs") and who wish to use NSC terminals located in the United States to submit orders from United States customers; and (iii) MATIF and MONEP members who are registered with the Commission as FCMs or who are exempt from such registration pursuant to Rule 30.10 ("Rule 30.10 Firms") who wish to accept orders through United States automated order routing systems ("AORs") from United States customers for submission to MATIF or MONEP.

As you know, on March 24, 1999, the Commission published proposed rules that would have governed

the circumstances under which foreign futures exchanges could be accessed from electronic trading devices in the United States. On June 2, 1999, the Commission issued an order that withdrew those proposed rules and directed the Commission staff to begin considering requests from foreign exchanges for interim no-action relief to allow them to place trading systems in the United States on a temporary basis until the Commission itself promulgates rules or guidelines in this area ("June 2 Order"). In accordance with this instruction, the Division has reviewed Parisbourse's No-Action Request and the materials submitted in support thereof. In connection with its No-Action Request, Parisbourse forwarded the following information to the Division:

General information regarding Parisbourse (*e.g.*, its location and organization);

MATIF's Trading Rules and selected MATIF Operating Instructions (translated into English);

MONEP's Organization and Operating Rules and selected Operating Instructions (translated into English);

The Operating Rules of Clearnet SA ("Clearnet") (translated into English);

A description of the regulatory regime in France applicable to the operation of Parisbourse, MATIF and MONEP; transactions executed on MATIF, MONEP and NSC; and MATIF, MONEP and NSC participants;

Copies of the Financial Activities Modernization Act 96-597 as modified by Law No. 98-546 ("FAMA"), and selected provisions of the French Banking Act 84-46 (translated into English);

A list of the futures and options contracts traded on MATIF and MONEP;

A description of the information-sharing arrangements between the Commission and the Commission des Opérations de Bourse ("COB") in France;

General information regarding the cross-exchange linkage arrangement between the Chicago Mercantile Exchange ("CME") and MATIF/MONEP.

Representations made by Parisbourse with respect to MATIF and MONEP's membership criteria, the NSC system, the relevant regulatory regime in France, and the information-sharing arrangements applicable to NSC are summarized in Sections I - VI below. For purposes of its response to the No-Action Request, the Division has relied upon Parisbourse's representations and has not conducted an independent review to confirm their accuracy.

I. GENERAL INFORMATION REGARDING MATIF, MONEP AND PARISBOURSE

MATIF and MONEP are two of the leading futures and option exchanges in Europe. Contracts listed on MATIF include derivatives for short-, medium-, and long-term interest rate bonds and derivatives for rapeseed, white sugar, and milling wheat. Contracts listed on MONEP include derivatives for various stock indices. Although members of MATIF and MONEP originally traded through an "open outcry" auction process, members now trade exclusively through NSC, an electronic trading platform. All contracts on MATIF and MONEP can be traded through NSC.

The companies operating MATIF, MONEP, and Le Nouveau Marche ("NM") merged with their controlling company, SBF, on May 28, 1999. While retaining the SBF name, the newly-formed entity applied for and received a license as a market operator under the commercial name, Parisbourse^{SBF} SA. As a market operator, Parisbourse is responsible for ensuring that the French equity and derivatives markets function properly and that the members of each market comply with relevant exchange rules and regulations. While the reorganization has consolidated the management and surveillance of the markets within the Parisbourse, MATIF, MONEP, NM, and SBF remain separate markets with distinct rules and memberships. Parisbourse also oversees Clearnet, a newly-formed subsidiary responsible for the clearance and settlement of trades and the financial integrity of all markets operated by Parisbourse.

Parisbourse's principal place of business is in Paris, France. Parisbourse has formed a United States subsidiary, called Paris Markets Inc. ("Paris Markets"). Paris Markets is a New

York corporation that operates a branch office in New York, New York and a branch office in Chicago, Illinois. The branch offices employ five and six full-time employees, respectively. These offices provide research and analysis of designated contract market activities to Parisbourse, general information regarding Parisbourse to persons located in the United States, and technical support regarding the CME Link to customers located in the United States. They also serve as a conduit for information flowing between the CME and Parisbourse. In addition, employees of these branch offices engage in general marketing activities with respect to MATIF and MONEP products subject to CFTC jurisdiction. Parisbourse represents that the staffs of the New York and Chicago offices do not provide investment advice nor solicit, receive, or direct orders with respect to the products traded on MATIF or MONEP.

II. MEMBERSHIP

A person may not trade directly on MATIF or MONEP unless the person becomes a member of either MATIF or MONEP. Membership in MATIF and MONEP is open to all natural and legal persons that satisfy the criteria set forth in the respective exchange rules. Although the application process for the respective memberships may differ slightly, the general requirements for membership are the same. Before admitting an applicant to membership on MATIF or MONEP, the respective Board of Directors must determine that the person: (i) is fit and proper; (ii) enjoys the financial and business standing suitable for admission to membership; (iii) where

relevant, is authorized, or otherwise licensed or permitted by the appropriate regulatory body to conduct business on the market; (iv) maintains a staff that is also fit and proper and that possesses suitable qualifications and experience to implement and maintain adequate internal procedures and controls in relation to the person's intended business on MATIF and MONEP; and (v) satisfies such other membership criteria (*e.g.*, financial resource requirements) that the Board may prescribe. An applicant must satisfy the qualification requirements for membership in each market separately.

MATIF and MONEP do not allow anyone other than a market professional to become a member. With one exception, MATIF and MONEP have the same membership classes. MATIF and MONEP members who wish to trade for their own account and that of their customers are known as "Negotiating Brokers." Members who wish to trade exclusively on GLOBEX are known as "GLOBEX Associate Members," and members who wish to trade solely for their own account (*i.e.*, locals) are known as "Own Account Traders." Additionally, members who wish only to trade tangible commodities futures and options contracts on MATIF are known as "Commodities Traders." All members who wish to trade other than as a customer of another member are required to enter into a clearing arrangement with a clearing member of Clearnet.

III. OVERVIEW OF NSC

A. Technical Aspects of NSC

1. Introduction

Parisbourse provides the central order processing facilities for NSC in France. It also provides the communications network and the software, known as the Application Program Interface, through which a MATIF or MONEP member's front end trading application communicates with the order processing facilities. The NSC architecture consists of three tiers: (i) the Host, (ii) Mid-Tier Server Processes, and (iii) Client Workstations.

a. The Host

[REDACTED]

b. Mid-Tier Server Processes

[REDACTED]

c. Client Workstations

[REDACTED]

2. Audit Trail

Although each order sent to NSC is registered and time-stamped by the system, MATIF and MONEP Rules require members immediately to record and time-stamp each order received from a customer. An order ticket that stipulates a limit price also must be time-stamped upon execution. Order tickets relating to futures and option transactions entered into on NSC must include all of the information necessary to identify the transaction, including: a contract identifier, the side (buy/sell), the price, the delivery month, quantity, a client identifier (*e.g.*, name, code, or account number), an order stipulation (*e.g.*, limit, stop, etc.), and, where applicable, order duration restriction.

Information regarding order execution, including time-stamping, responses, and copies of trade confirmations, must be retained by MATIF and MONEP members for a period of no less than ten and five years, respectively. In addition, MATIF and MONEP members must record all telephone conversations with respect to reception, transmission, and confirmation. MATIF and MONEP members must maintain these recordings for forty-two days and six months, respectively. As market regulator, Parisbourse has full access to this audit trail information to satisfy itself that members have enacted appropriate procedures and controls with respect to business conducted on MATIF and MONEP, including on NSC.

3. Clearing

Clearnet will use the CLEARING 21® system for all markets of Parisbourse. Clearing 21® clears all trades in all types of markets, utilizes the SPAN® margining system, and integrates other risk management methods. Pursuant to Clearnet's Operating Rules, Clearnet becomes the counterparty to each contract traded on MATIF and MONEP upon receipt of matched orders from the Host and cleared transactions are made between Clearnet and the clearing members of MATIF and MONEP. All futures contracts are marked-to-market and settled on a daily basis. Clearing members of MATIF and MONEP are required to maintain separate accounts at the clearinghouse for their proprietary and customer transactions.

Clearnet provides a full performance guarantee against the default of a counterparty. In

the event of a failure of a clearing member to meet its obligations, Clearnet may: (i) order the liquidation of the clearing member's own open positions in full or in part; (ii) transfer the positions of the defaulting clearing member's clients who have fulfilled their own obligations to another clearing member; (iii) transfer the margin deposits associated with the positions of the defaulting clearing member; (iv) suspend or exclude the defaulting clearing member from its clearing member functions; or (v) take a combination of these measures. The ability of both Clearnet and Parisbourse to provide a full performance guarantee to clearing members is supplemented by: (i) its having full title to its clearing members' deposits, and (ii) its shareholders' equity of approximately FRF 1,875,000,000 (\$300,000,000). Finally, as credit institutions under French law, Parisbourse and Clearnet benefit from institutional procedures designed to ensure the financial security of the French financial community, including procedures that the Banque de France intervene to provide support.

4. Data Dissemination

During a trading day, NSC generates information that is broadcast to market participants in real-time. This information includes changes to the order book, completed trades, and market events. The Host distributes this information to the members of MATIF and MONEP who then store this information in their databases and make it available to traders in real-time. Individual traders may not view information about a particular NSC contract or market, or execute trades on a particular market, unless the member for whom he is trading has subscribed to the specific contract and market. In addition, the Host continuously updates market price information to the existing market feed.

5. Surveillance Center

[REDACTED]

6. Reliability and Failure Recovery

NSC operates on Tandem NSK ("Tandem") systems. Tandem architecture provides high availability with parallel components and software processes that eliminate single points of failure and allow modular and linear expandability. Tandem consists of multiple processors, each of which operate independently, contributing to the execution of the overall workload. If a component fails, another takes over and continues processing. System operators can replace a faulty component on-line without shutting down the system.

In the event that NSC suffers a "local" system failure (*i.e.*, a limited number of members cannot access NSC), the affected member(s) may cancel existing open orders by contacting Market Surveillance and route new orders through another member as a client of that member. In addition, affected members may enter orders using one or more of the five trader workstations provided by Parisbourse that are located at the Market Surveillance office.

In the event that NSC suffers a significant system failure, trading in every market is halted by Market Surveillance. Those members who have provided an electronic mail address to Parisbourse are notified of the system failure by electronic mail. Other members are notified by satellite messaging. When NSC is down, all open orders are left in the order book. Once NSC becomes operational, each market must observe a pre-opening period during which those members with open orders at the time of the system failure may revise or cancel their orders. Order priority is not modified in any other respect when a system failure occurs.

7. System & Network Response Time

[REDACTED]

B. Year 2000 Program

The Commission Bancaire has established a Year 2000 ("Y2K") Task Force to ensure Y2K preparedness and compliance by French financial institutions, including Parisbourse. The Task Force is charged with: identifying systems that are Y2K vulnerable; updating relevant systems; extensively testing all systems, including ensuring that system interdependencies have been adequately addressed; and planning for contingencies. Parisbourse represents that the NSC System was built to be Y2K compliant and that it does not anticipate any Y2K problems. To ensure Y2K preparedness and compliance, Parisbourse has:

formed a specific team fully dedicated to Y2K preparation and testing that reports quarterly to the Board;

coordinated with members of MATIF, MONEP, SBF, and NM; system vendors; and other organizations relevant to the overall operations of each market in order to organize common testing phases and supervise the general schedule of testing; and

actively participated in industry-wide tests of systems and the development of contingency plans with members of MATIF, MONEP, SBF, and NM; system vendors; and other organizations relevant to the overall operation of each market.

Since 1997, Parisbourse has been conducting tests of its internal systems and multilateral tests involving its customers and partners to ensure that NSC applications and operating system software are Y2K compliant. To date, no issues have been identified that would raise concerns in this regard. In addition, two industry-wide testing cycles are scheduled, one in August and in September. This testing will involve, among others, markets, market participants, depositories, SWIFT, and the Banque de France. Moreover, the Parisbourse's first survey of Y2K issues occurred in 1996 when MATIF tested parameters for trading, clearing, and disseminating data on the March 2000 delivery of its 3-month PIBOR contract. This contract has traded successfully

since March 1997.

C. Adherence to IOSCO Principles

Parisbourse represents that it employed the expertise of industry specialists during the design, building, and implementation of NSC to ensure that the resulting system infrastructure would follow best industry practice and quality standards. Parisbourse also represents that, in developing and operating NSC, it has adhered to, and will continue to adhere to, the Principles for the Oversight of Screen-Based Trading Systems for Derivative Products developed by the Technical Committee of the International Organization of Securities Commissions (“IOSCO Principles”).

The IOSCO Principles, as adopted by the Commission, are as follows:

1. The system sponsor should be able to demonstrate to the relevant regulatory authorities that the system meets and continues to meet applicable legal standards, regulatory policies, and/or market custom or practice where relevant.
2. The system should be designed to ensure the equitable availability of accurate and timely trade and quotation information to all system participants and the system sponsor should be able to describe to the relevant regulatory authorities the processing, prioritization, and display of quotations within the system.
3. The system sponsor should be able to describe to the relevant regulatory authorities the order execution algorithm used by the system (*i.e.*, the set of rules governing the processing, including prioritization, and execution of orders).
4. From a technical perspective, the system should be designed to operate in a manner which is equitable to all market participants and any differences in treatment among classes of participants should be identified.
5. Before implementation, and on a periodic basis thereafter, the system and system interfaces should be subject to an objective risk assessment to identify vulnerabilities (*e.g.*, the risk of unauthorized access, internal failures, human errors, attacks, and natural catastrophes) which may exist to the system design, development, or implementation.
6. Procedures should be established to ensure the competence, integrity, and authority of system users, to ensure that system users are adequately supervised, and that access to the system is not arbitrarily or discriminatorily denied.

7. The relevant regulatory authorities and the system sponsor should consider any additional risk management exposures pertinent to the system, including those arising from interaction with related financial systems.

8. Mechanisms should be in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory and enforcement purposes is available to the system sponsor and the relevant regulatory authorities on a timely basis.

9. The relevant regulatory authorities and/or the system sponsor should ensure that system users and system customers are adequately informed of the significant risks particular to trading through the system. The liability of the system sponsor, and/or the system providers to system users and system customers should be described, especially any agreements that seek to vary the allocation of losses that otherwise would result by operation of law.

10. Procedures should be developed to ensure that the system sponsor, system providers, and system users are aware of and will be responsive to the directives and concerns of relevant regulatory authorities.

The NSC system used by Parisbourse is largely the same system as used by the CME in its operation of Globex®2. Commission staff, as part of their oversight of CME, have examined Globex®2 to review general safety and soundness, and compliance with the IOSCO principles.

IV. OVERVIEW OF THE REGULATORY STRUCTURE IN FRANCE

Parisbourse and those participating on MATIF and MONEP, including those trading through NSC, are subject to a comprehensive regulatory regime in France. This regulatory structure includes, among other things: financial and other fitness criteria for industry participants; reporting and recordkeeping requirements; procedures governing the treatment of customer funds and property; sales practice and other conduct of business standards; provisions designed to protect the integrity of the markets; and statutory prohibitions on fraud, abuse, and market manipulation.

The Division notes that the Commission previously reviewed the regulatory regime administered and enforced in France by the COB. As part of the June 6, 1990 Mutual Recognition Memorandum of Understanding ("MRMOU") signed by the Commission and the COB, the Commission determined that the French regulatory program governing the offer and sale of futures and option contracts offered comparable regulatory oversight to that in the United States. Accordingly, the Commission agreed to provide qualifying French firms who solicit or accept orders and money directly from United States customers for foreign futures or option transactions entered into on or subject to the rules of any French "regulated market" listed within the

MRMOU with an exemption from registration under Part 30 of the Commission's regulations. Although, as discussed below, the responsibility for regulating the purchase and sale of futures and options contracts has been reallocated among various French agencies since the MRMOU was signed, the substantive provisions of French law remain largely the same.

In 1996, the French Parliament reallocated the responsibilities for regulating investment services. While the COB retains some residual authority over French markets and market participants and will continue to serve as a conduit of information shared between the CFTC and other French regulators and SROs, the CMF and the Commission Bancaire now share principal responsibility for the supervision of the French markets, intermediaries and clearinghouses. This oversight includes the regulation of ISPs and regulated markets.

The CMF is composed of sixteen members appointed by the Minister for Economic Affairs and Finance. The CMF includes various market participants, including issuers, investors, and intermediaries. Among other things, the CMF makes recommendations to the Minister for Economic Affairs and Finance regarding the official recognition of regulated markets; reviews and approves all rules for each of the regulated markets in France; ensures that all ISPs, markets, and clearinghouses observe rules of good conduct; enacts professional conduct rules; and scrutinizes the activities of firms wishing to provide investment services in France. To accomplish its tasks, the CMF has access to, among other things, audit trail information produced by ISPs, including MATIF and MONEP members. The CMF may sanction ISPs for their failure to comply with regulations regarding business conduct. These sanctions include fines up to FRF 5,000,000 (\$800,000) or ten times any profits realized, and the suspension and revocation of an ISP's license. Parisbourse has satisfied the CMF that the arrangements for the NSC system and its use of the technology employed by that system are satisfactory and will not impede Parisbourse's ability to maintain fair and orderly markets and otherwise comply with relevant rules and regulations.

As a sub-unit of the Banque de France, the Commission Bancaire regulates the prudential aspects of all ISPs, regardless of whether an ISP is a credit institution. Among other things, the Commission Bancaire supervises ISPs for their compliance with regulations regarding their liquidity, solvency, capital, and financial structure that are promulgated by the Comité de la Réglementation Bancaire et Financière ("CRBF"). The CRBF is another sub-unit of the Banque de France. Similar to the powers bestowed on the CMF, the Commission Bancaire possesses the authority to sanction ISPs for their failure to comply with any prudential regulations.

Because trading on MATIF and MONEP constitutes the providing of investment services, most members of MATIF and MONEP must obtain a license to become an ISP. To obtain a license, an applicant must submit its program of operations to the CMF for approval. Such a program must describe the type of operations planned and the structure of the organization of the

firm. When analyzing the program of operations, the CMF assesses the quality of the program in light of the qualifications and integrity of its senior management. Should the CMF approve the applicant's program of operations, it forwards the application to the CECEI, the agency charged with authorizing firms to provide investment services. Before authorizing an ISP, the CECEI shall ensure that the ISP has sufficient initial capital, as determined by the CRBF; has the legal form that is appropriate for providing investment services; and has an approved program of operations for each service that it plans to provide. Once the CECEI has made this determination, it grants the applicant a license to provide investment services.

V. EXCHANGE RULES

In addition to the regulatory requirements set forth above, members of MATIF and MONEP, including those that choose to trade through NSC, are required to comply with comprehensive regulations promulgated by each exchange. Rules are applicable to trading on NSC without regard to jurisdictional boundaries because the obligations thereunder arise by virtue of the contractual relationship between MATIF and MONEP and their respective members. The rules promulgated by MATIF and MONEP are designed to enable MATIF and MONEP to fulfill their licensing obligations, including the requirement that MATIF and MONEP ensure that their markets are fair and orderly and operated with due regard to the protection of investors. Members and each of their respective traders and other registered staff are subject to disciplinary action for failure to comply with the rules governing each exchange, which may result in fines, suspension, or expulsion. All disciplinary actions are undertaken by CMF based upon referrals from Parisbourse or based on the CMF's own investigations.

The rules promulgated by MATIF, MONEP, Clearnet and French banking authorities contain both substantive provisions relating to membership matters and trading and procedural requirements relating to discipline, arbitration, and the default of members. Among other things, these rules require MATIF and MONEP members to: (i) satisfy minimum financial resource requirements; (ii) observe high standards of integrity, fair dealing, and market conduct; (iii) act with due skill, care, and diligence; (iv) avoid or manage conflicts of interest; (v) provide written notice in a form prescribed by MATIF or MONEP that contains risk disclosure and other statements regarding the relationship between the member and its customer, when the member is acting for a non-member customer; (vi) calculate the margin liability for each customer with respect to open positions on its books each day; (vii) promptly collect the margin liability of its customers, in cash or in prudently-valued collateral; (viii) record all details of customer orders, execute customer orders promptly (except where otherwise permitted), and submit details of customer trades to the respective exchange for registration and clearing; (ix) maintain proper accounting and other records sufficient to create an audit trail with respect to MATIF or MONEP business; (x) submit financial statements on a regular basis; (xi) take such steps when a customer defaults as are open to the member to reduce the customer's liability; and (xii) ensure that the appropriate procedures and controls are in place with respect to the business the member conducts. MATIF and MONEP Rules also generally prohibit any member from committing any act or engaging in any conduct likely to bring either exchange into disrepute.

VI. INFORMATION SHARING

Pursuant to the terms and conditions of the no-action relief provided herein, and as set forth more fully below, the Division will be entitled to receive certain specified information regarding NSC directly from Parisbourse. Additional information relevant to NSC and NSC participants will be available to the Commission and its staff through certain information-sharing arrangements to which both the Commission and the COB are parties. These include, without limitation:

The Mutual Recognition Memorandum of Understanding Between the Commodity Futures Trading Commission and the Commission des Opérations de Bourse and the Side Letter attached thereto, dated June 6, 1990;

The Administrative Agreement, dated June 6, 1990;

The Declaration on Cooperation and Supervision of International Futures Exchanges and Clearing Organizations, as amended, March 1998 (commonly known as the "Boca Declaration");
and

The Tokyo Communiqué on Supervision of Commodity Futures Markets, dated October 31, 1997.

VII. CONCLUSION

Consistent with the Commission's June 2 Order, the Division has reviewed and considered Parisbourse's No-Action Request and the information and documentation forwarded to the Division in support thereof. Among other things, the materials furnished by Parisbourse indicate that Parisbourse's subsidiary, Paris Markets, maintains two branch offices in the United States, but the staffs of those offices do not provide investment advice nor solicit, receive, or direct trading orders from those offices; Parisbourse does not maintain order matching or clearing facilities in the United States; Parisbourse, NSC, and MATIF, and MONEP market participants are subject to oversight in France by legitimate regulatory authorities that are responsible for ensuring their compliance with an extensive regulatory regime; NSC adheres to the IOSCO Principles; and the CFTC and the COB are parties to various information-sharing arrangements applicable to the activities of NSC.

Based specifically upon these and other representations made by Parisbourse in support of its No-Action Request, the Division has determined that granting no-action relief to Parisbourse and the members of MATIF and MONEP, pending the adoption by the Commission of rules or guidelines regarding access to foreign boards of trade from electronic trading devices in the

United States, would not be contrary to the public interest. Accordingly, subject to compliance with the terms and conditions stated herein, the Division will not recommend that the Commission institute enforcement action against Parisbourse or the members of MATIF or MONEP solely based upon Parisbourse's failure to obtain contract market designation pursuant to Sections 5 and 5a of the CEA, if: (i) MATIF and MONEP members use NSC terminals located in the United States to trade for their proprietary accounts through NSC; (ii) MATIF and MONEP members who are registered with the Commission as FCMs use NSC terminals located in the United States to submit orders from United States customers for transmission to NSC; and/or (iii) MATIF and MONEP members who are registered with the Commission as FCMs or who are Rule 30.10 Firms accept orders through United States AORSs from United States customers for submission to NSC.

The Division's no-action position is applicable only to the contracts described below, and shall become effective with respect to such contracts as follows:

- (i) The relief is effective immediately with respect to the following contracts:

10-Year Euro Notional Bond futures,

Option contract on 10-Year Euro Notional Bond futures,

European Monetary Union All Sovereigns Debt futures,

5-Year Euro futures

Option contract on 5-Year Euro futures,

3-month Euribor futures,

Option contract on 3-month Euribor futures,

30-Year E-Bond futures,

2-Year E-Note futures,

CAC40 Index Future 1 Euro futures,

CAC40 Index Future 10 Euro futures,

Rapeseed futures

Option contract on Rapeseed futures,

100 Icumsa futures,

45 Icumsa White Sugar futures,

Option contract on 45 Icumsa White Sugar futures, and

Milling Wheat futures.

(ii) The relief will become effective with respect to the following contracts upon receipt of a no-action position from Commission staff that would permit the offer and sale of futures contracts on such foreign stock indices within the United States:

Dow Jones Stoxx 50 futures, and

Dow Jones Euro Stoxx 50 Futures.

If additional contracts or products become available for trading through NSC and Parisbourse wishes to make such contracts or products available in the United States through the system, Parisbourse must request in writing and receive supplementary no-action relief prior to offering such contracts. In the event that a supplemental request for relief is made by Parisbourse, Parisbourse will not be required to submit materials already received by the Division in connection with the No-Action Request addressed herein, unless there has been a material change in the structure, operation, or regulation of Parisbourse, MATIF, MONEP, or NSC such that the information that already has been provided to the Division no longer remains accurate. Any supplemental request for expanded no-action relief to cover different MATIF and MONEP products need only be accompanied by a certification to the effect that material information previously submitted to the Division remains accurate and by a description of the contracts or products available for trading on NSC to which Parisbourse wishes to extend the Division's no-action relief.

The scope of the Division's no-action position is restricted to providing relief from the requirement that Parisbourse obtain contract market designation pursuant to Sections 5 and 5a of the CEA and regulatory requirements that flow specifically from the contract market designation requirement if the above-referenced contracts are made available in the United States through NSC, in the manner set forth herein. The Division's no-action position does not extend to any other provision of the CEA, any other Commission regulations, or any NFA rules, and does not excuse either Parisbourse or the members of MATIF or MONEP from compliance with any applicable requirements thereunder. Nor does the no-action position alter, restrict, or expand the

coverage of existing Commission exemptions for particular products.

The Division specifically notes that its no-action position does not alter the requirement that a firm operating pursuant to the no-action relief provided herein must be a registered FCM or be operating pursuant to Rule 30.10 relief to engage in the offer or sale of a foreign futures contract or a foreign options transaction for or on behalf of a United States foreign futures or foreign options customer. For example, nothing in this letter is intended to alter current Commission rules and staff interpretations that require generally that any foreign firm that clears trades on a fully-disclosed basis on behalf of United States persons (including where the United States person is a non-clearing member of a foreign board of trade trading solely for its proprietary account) be a registered FCM or a Rule 30.10 Firm unless the foreign firm solely carries accounts on behalf of United States customers that are its proprietary accounts (as defined in Rule 1.3(y)) of the foreign firm. If the foreign firm is either a member of the relevant foreign board of trade or is a foreign affiliate of a registered FCM in the United States and its sole contact with a United States customer is that it carries the FCM's omnibus account, then that firm need not register under Rule 30.4.

Moreover, the Division's no-action position does not amend, revise, or negate the obligations of FCMs and Rule 30.10 Firms under the CEA, Commission regulations, or Rule 30.10 orders. For example, Rule 30.10 firms continue to be prohibited from maintaining a presence in the United States. Thus, Rule 30.10 firms cannot maintain electronic terminals providing direct access to NSC in the United States (although they would be permitted to accept orders overseas from customers located in the United States that submit such orders by telephone or through an AORS located in the United States). FCMs or ISPs with relief under the MRMOU who solicit or accept orders from United States customers for trading on MATIF or MONEP through NSC remain responsible for, among other things, complying with certain regulatory requirements governing risk disclosure, the handling and allocation of customer orders and the segregation of customer funds.

The Division's no-action position does not affect the Commission's ability to bring appropriate action for fraud or manipulation. The Division specifically notes that the use of AORSs to transmit orders to NSC shall be subject to all existing Commission rules and regulations and to any future rules or guidance propounded by the Commission or the Division. Finally, this letter does not address issues that might arise under the Securities Act of 1933, the Securities Exchange Act of 1934, and other applicable federal securities laws or rules promulgated thereunder.

The Division's no-action position is subject to compliance with the following conditions:

MATIF and MONEP will continue to satisfy the criteria for designation as regulated markets under the applicable laws of France with respect to transactions effected through NSC.

The laws, systems, rules, and compliance mechanisms of France applicable to MATIF and MONEP will continue to require Parisbourse to maintain fair and orderly markets, prohibit fraud, abuse, and market manipulation, and provide that such requirements are subject to the oversight of appropriate regulatory authorities.

Parisbourse, MATIF, and MONEP will continue to adhere to the IOSCO principles as updated, revised, or otherwise amended to the extent consistent with United States and French law.

Only members of MATIF and MONEP will have direct access (*i.e.*, not through an AORS) to NSC and Parisbourse will not provide, and will take reasonable steps to prevent, third parties from providing such access to MATIF and MONEP to persons other than MATIF and MONEP members.

All orders that are transmitted through NSC by a member of MATIF or MONEP that is operating pursuant to the no-action relief provided herein and that is not registered with the Commission as an FCM or that is not a Rule 30.10 Firm will be solely for "proprietary accounts," as defined herein, of such MATIF or MONEP member.

All orders for United States customers accepted through an AORS and/or transmitted by MATIF or MONEP members through NSC will be intermediated by a MATIF or MONEP member that is either registered with the Commission as an FCM or is a Rule 30.10 Firm, to the extent required by Commission regulation.

Prior to their operating pursuant to the no-action relief provided herein, Parisbourse will require current and future members of MATIF and MONEP who are not registered with the CFTC as FCMs to file with Parisbourse a written representation, executed by a person with the authority to bind the member, stating that as long as the MATIF or MONEP member operates pursuant to the no-action relief provided herein, the member agrees to and submits to the jurisdiction of the Commission with respect to activities conducted pursuant to the no-action relief. Parisbourse will maintain the foregoing representations as long as the relevant member is operating pursuant to the no-action relief and shall make such representations available to the Commission upon the request of a Commission representative.

Prior to their operating pursuant to the no-action relief provided herein, Parisbourse will require current and future members of MATIF and MONEP who are not registered with the CFTC as FCMs to file with Parisbourse a valid and binding appointment of a United States agent for service of process in the United States pursuant to which the agent is authorized to accept delivery and service of "communications" that are issued by or on behalf of the Commission. Parisbourse will maintain the foregoing appointments as long as the relevant member is operating pursuant to the no-action relief and shall make such appointments available to the Commission

upon the request of a Commission representative.

Prior to their operating pursuant to the no-action relief provided herein, Parisbourse will require current and future members of MATIF and MONEP who are not registered with the CFTC as FCMs to file with Parisbourse a written representation, executed by a person with the authority to bind the member, stating that as long as the member operates pursuant to the no-action relief provided herein, the member will provide, upon the request of the Commission, the United States Department of Justice or, if appropriate, NFA, prompt access to original books and records maintained at their United States offices as well as to the premises where NSC is installed or used in the United States. Parisbourse will maintain the foregoing representations as long as the relevant member is operating pursuant to the no-action relief provided herein.

Prior to operating pursuant to the no-action relief provided herein, Parisbourse will file with the Division, and maintain thereafter as long as Parisbourse, MATIF, MONEP and NSC operate pursuant to the no-action relief, a valid and binding appointment of a United States agent for service of process in the United States, pursuant to which the agent is authorized to accept delivery and service of "communications," as defined above, that are issued to Parisbourse, MATIF, or MONEP by or on behalf of the Commission.

Parisbourse will maintain the following updated information and submit such information to the Division on at least a quarterly basis, and at any time promptly upon the request of a Commission representative:

For each contract available to be traded through NSC, the total trade volume originating from NSC terminals in the United States assigned to MATIF or MONEP members (including volume originating from AORSs that route orders through NSC) compared with the total trade worldwide volume for such products traded through NSC and the total worldwide trade volume for such products traded on MATIF and MONEP generally.

A listing of the names, NFA ID numbers (if applicable) and main business addresses in the United States of all MATIF and MONEP members that have access to NSC in the United States.

Parisbourse will promptly provide the Division with written notice of the following:

Any material change in the information provided in its No-Action Request, including any information contained in the documents submitted in support thereof.

Any material change in MATIF's or MONEP's Rules or the laws, rules, and regulations in France relevant to futures and options.

Any matter known to Parisbourse or its representatives that, in Parisbourse's judgment, may affect the financial or operational viability of MATIF or MONEP, including, but not limited to, any significant system failure or interruption.

Parisbourse will promptly notify the COB and the CMF, and the COB will promptly notify the CFTC of the following:

Any default, insolvency, or bankruptcy of any MATIF or MONEP member known to Parisbourse or its representatives that may have a material, adverse impact upon the condition of MATIF or MONEP, Clearnet, or upon any United States customer or firm.

Any known violation by Parisbourse or any member of MATIF or MONEP of the terms or conditions of the no-action relief provided herein.

Any disciplinary action taken by the CMF against any member of MATIF or MONEP operating pursuant to the no-action relief provided herein that involves any market manipulation, fraud, deceit, conversion or that results in suspension or expulsion and that involves the use of NSC or an AORS to submit orders to NSC.

Satisfactory information-sharing arrangements between the Commission and the relevant regulatory authorities will remain in effect.

The Commission will be able to obtain sufficient information regarding Parisbourse, MATIF, MONEP, and the members of MATIF and MONEP operating pursuant to the no-action relief provided herein necessary to evaluate the continued eligibility of MATIF or MONEP or their members for the relief, to enforce compliance with the terms and conditions of that relief, or to enable the Commission to provide adequate protection to the public or United States contract markets.

Parisbourse will provide directly to the Commission information necessary to evaluate the continued eligibility of Parisbourse or members of MATIF and MONEP for the relief, to enforce compliance with the terms and conditions of that relief, or to enable the Commission to carry out its duties under the CEA and Commission regulations.

Parisbourse employs reasonable procedures, to be determined by Parisbourse, for monitoring and enforcing compliance with the terms and conditions of the no-action relief provided herein.

The no-action position taken herein is taken by the Division only and does not necessarily reflect the views of the Commission or any other unit or member of the Commission's staff. It is based upon the information and representations contained in Parisbourse's No-Action Request

and the materials submitted in support thereof. Any materially different, changed, or omitted facts or circumstances may render this letter void. The Division specifically notes that it will examine the trade volume information submitted as a condition to the no-action relief provided herein as well as any changes in the nature or extent of Parisbourse's activities in the United States to ascertain whether Parisbourse's presence in the United States has increased to a level that might warrant reconsideration of the no-action relief.

As with all no-action letters, the Division retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the no-action relief provided herein, in its discretion. Finally, the Division wishes to emphasize that the no-action position set forth herein is intended to provide immediate, interim relief to Parisbourse and its members, pending any proposal and adoption of rules or guidelines by the Commission regarding the use and placement in the United States of automated trading systems that provide access to the products of foreign boards of trade. Thus, this letter will cease to be effective in the event that the Commission or its staff adopts generally applicable rules or general guidelines regarding the issues addressed herein, and Parisbourse will be subject to those rules or guidelines in that event.

If you have any questions regarding this correspondence, please contact David Battan, Chief Counsel, or Andrew Chapin, an attorney on my staff, at (202) 418-5430.

Sincerely,

I. Michael Greenberger

Director

cc: Daniel A. Driscoll, Vice President, Compliance, NFA

Henry J. Matecki, Division, Chicago Regional Office

Jane Kang Thorpe, Orrick, Herrington & Sutcliffe, LLP

[1] Letter from Catherine Langlais, Senior Vice President, ParisbourseSBF SA, to I. Michael Greenberger, Director, Division of Trading and Markets, Commodity Futures Trading Commission (June 24, 1999).

[2] Parisbourse SBF SA is the commercial name used by the Societe des Bourses Francaises ("SBF"), formerly the French stock exchange.

[3] For the purpose of this letter, references to the members of MATIF and MONEP shall include the United States affiliates of any MATIF or MONEP member who are granted access by the member to NSC trading terminals. An "affiliate" of a MATIF or MONEP member shall mean any person that: (i)

owns 50% or more of the member; (ii) is owned 50% or more by the member; or (iii) is owned 50% or more by a third person that also owns 50% or more of the member. Parisbourse represents that, as a condition of access to NSC terminals located in the United States, such affiliates will be required to comply with all MATIF and MONEP rules relating to trading on NSC and the member will be responsible to Parisbourse for ensuring such compliance.

[4] 7 U.S.C. §§1 et seq. (1994).

[5] For the purposes of the No-Action Request and the relief provided herein, the term "United States" shall include the United States, its territories and possessions.

[6] For the purposes of the No-Action Request and the relief provided herein, the term "proprietary account" shall have the same meaning set forth in Commission Rule 1.3(y). Commission rules referred to herein are found at 17 C.F.R. Ch. I (1999).

[7] For the purposes of the No-Action Request and the relief provided herein, the term "United States customers" shall have the same meaning as "foreign futures and options customers" as it is defined in Commission Rule 30.1(c).

[8] Rule 30.10 permits a person affected by any of the requirements contained in Part 30 of the Commission's rules to petition the Commission for an exemption from such requirements. Appendix A to the Part 30 rules provides an interpretative statement that clarifies that a foreign regulator or self-regulatory organization ("SRO") can petition the Commission under Rule 30.10 for an order to permit firms that are members of the SRO and subject to regulation by the foreign regulator to conduct business from locations outside of the United States for United States persons on non-United States boards of trade without registering under the Commodity Exchange Act, based upon the person's substituted compliance with a foreign regulatory structure found comparable to that administered by the Commission under the Act. Among the issues considered by the Commission in determining whether to grant Rule 30.10 relief to a foreign regulatory or self-regulatory authority are the authority's: (i) requirements relating to the registration, authorization, or other form of licensing, fitness review, or qualification of persons through whom customer orders are solicited and accepted; (ii) minimum financial requirements for those persons that accept customer funds; (iii) minimum sales practice standards, including risk disclosures, and the risk of transactions undertaken outside of the United States; (iv) procedures for auditing compliance with the requirements of the regulatory program, including recordkeeping and reporting requirements; (v) standards for the protection of customer funds from misapplication; and (vi) arrangements for the sharing of information with the United States. Interpretative Statement with Respect to the Commission's Exemptive Authority Under § 30.10 of its Rules, 17 C.F.R. pt. 30, Appendix A (1999). For the purposes of the No-Action Request and the relief provided herein, "Rule 30.10 Firm" shall mean any firm that has received confirmation of Rule 30.10 relief pursuant to the Order issued to the firm's home-country regulator, including those French firms recognized by the Commission pursuant to the Mutual Recognition Memorandum of Understanding discussed in Section IV.

[9] For the purposes of the No-Action Request and the relief provided herein, the term "AORS" shall be defined to include any system of computers, software or other devices that allows entry of orders through another party for transmission to a board of trade's computer or other automated device where, without substantial human intervention, trade matching or execution takes place.

[10] Access to Automated Boards of Trade, 64 Fed. Reg. 14159 (March 24, 1999), withdrawn, June 2, 1999.

[11] Order of the CFTC Withdrawing Proposed Rules Regarding Access to Automated Boards of Trade, Release No. 4274-99 (June 2, 1999).

[12] These rules govern trading on NSC by members of MATIF. Similar rules are applicable to MONEP members as set forth in MONEP's Organization and Operating Rules. For the purposes of the No-Action Request and the relief provided herein, the term "MATIF and MONEP Rules" shall mean the MATIF Trading Rules and the operating instructions promulgated thereunder, and the MONEP Organization and Operating Rules, and the operating instructions promulgated thereunder.

[13] Clearnet is the clearinghouse for both MATIF and MONEP.

[14] As discussed in more detail in Section IV below, the COB is one of the French agencies with jurisdiction over the activities undertaken by members of MATIF and MONEP, including, but not limited to, the trading of contracts offered by MATIF and MONEP through NSC. The COB serves as a conduit for information from the other French agencies with jurisdiction over MATIF and MONEP members, the Conseil Marchés des Financiers ("CMF"), and the Commission Bancaire.

[15] On September 25, 1992, the Commission approved a cross-exchange linkage arrangement between the CME and MATIF permitting members of one exchange to access the products on the other subject to compliance with the rules of the home market ("CME Link"). The computer platform originally used to facilitate the CME Link was given the name GLOBEX. With respect to the enforcement of GLOBEX trading rules, the exchanges use a lead regulator approach under which they share rule enforcement responsibilities. Under the lead regulator arrangement, each exchange monitors and disciplines its own members for GLOBEX trading rule violations committed while trading in either CME or MATIF contracts through GLOBEX. Each exchange also clears the transactions for products listed domestically. MONEP has since been added to the CME Link. In addition, the CME Link currently uses a version of the NSC system, known commercially as GLOBEX® 2. The CME acquired GLOBEX®2 in a 1997 technology swap with MATIF and SBF. In exchange for GLOBEX®2, the CME provided MATIF and SBF with CLEARING21®, a computerized clearing system. For the purpose of providing information necessary to its No-Action Request, Parisbourse cited to its earlier submission regarding the CME Link. The Division notes that nothing in the no-action relief provided herein expands, abrogates or otherwise alters the terms and conditions of the Commission's prior approval of the CME Link.

[16] As stated below, the no-action relief provided herein is contingent upon the accuracy of the

representations made by Parisbourse in support of its No-Action Request. Any materially different, changed, or omitted facts or circumstances may render the no-action relief void or cause the Division, in its discretion, to condition further, modify, suspend, terminate, or otherwise restrict the relief.

[17] An overview of NSC is set forth in Section III.

[18] Receipt of a no-action position from Commission staff is a necessary prerequisite to the offer and sale of foreign futures and option contracts on foreign stock indices within the United States. Accordingly, the Dow Jones Stoxx 50 and Dow Jones Euro Stoxx 50 futures contracts may only be offered or sold within the United States upon receipt of a no-action position from Commission staff that would permit the offer and sale of futures on such foreign stock indices within the United States.

[19] The Nouveau Marche is the French equity market for emerging companies.

[20] The shareholders of Parisbourse consist primarily of clearing and trading members of the former SBF. Banks, insurance companies, former trading members of MONEP and one individual own the remaining shares.

[21] The Parisbourse also is licensed as a credit institution.

[22] Clearnet SA is the commercial name for Banque Centrale de Compensation. Clearnet also is licensed as a French credit institution.

[23] Parisbourse has represented that Paris Market has initiated procedures to change its name to Parisbourse, Inc.

[24] MATIF and MONEP members must satisfy the financial resource requirements set forth in FAMA and the rules promulgated by the Comité des Établissements de Crédit des Entreprises d'investissement ("CECEI"), described in Section IV. The financial resource requirements applicable to individual MATIF and MONEP members under FAMA vary according to the type of investment services they provide and are set forth in French Francs ("FRF"). (For informational purposes only, the Division has noted the United States dollar equivalent of any sum of French francs referenced herein, based upon the exchange rate of August 9, 1999 [1 FRF: \$.16]. The Division also notes that the financial resource requirements for MATIF and MONEP members are not linked in any way to the United States dollar equivalents provided). If a MATIF or MONEP member exclusively receives or transmits orders on behalf of a third party, executes orders on behalf of third parties, or manages the portfolio of a third party, then the member must maintain paid-up capital of at least FRF 1,000,000 (\$160,000). If a MATIF or MONEP member engages in more than one of the above activities, then the member must maintain paid-up capital of at least FRF 12,500,000 (\$2,000,000). If the member does not hold funds or securities belonging to customers in conjunction with its activity or activities, then the amount of required paid-up capital is reduced to FRF 350,000 (\$56,000) and FRF 7,500,000 (\$1,200,000), respectively. All members must be able to prove at all times that their assets actually exceed their liabilities to third

parties by an amount at least equal to the minimum capital required. Own Account Traders, as defined below, are not considered investment service providers ("ISPs") under FAMA and therefore, only must satisfy the individual financial resource requirements set forth by MATIF and MONEP and by CMF.

[25] To retain membership in the clearinghouse, a clearing member must maintain shareholders' equity of at least FRF 12,500,000 (\$2,000,000) if it clears solely commodities contracts or FRF 25,000,000 (\$4,000,000) if it clears financial instruments other than commodities contracts. Clearing agreements define the reciprocal obligations of the trading member and the clearing member, and specify terms for margin calls by the clearing member on the trading member. In particular, the agreements establish the methods used for registering transactions and the procedure to be followed in the event that one of the signatories defaults.

[26] As stated above, the description of NSC included herein is based upon representations made by Parisbourse or its representatives. The Division has not conducted an independent examination of the NSC system to determine the truthfulness of such statements nor has it performed an independent assessment of the security or soundness of the system.

[27] Parisbourse represents that it intends to extend the MONEP retention period for these documents to ten years.

[28] Market Surveillance has the discretion to determine whether a system failure is a local failure, or something greater.

[29] The Commission Bancaire is the French government agency responsible for ensuring that members of MATIF and MONEP, with the exception of Own Account Traders, comply with the prudential requirements set forth under French law. A more detailed discussion of the Commission Bancaire and its responsibilities occurs in Section IV.

[30] The COB represented France as one of eight jurisdictions that participated in Working Party 7 of IOSCO ("Working Party") whose mandate included, among other things, the identification of issues related to screen-based trading systems for derivative products. In considering the special concerns for screen-based trading systems, the Working Party identified and addressed the following issues: transparency, order execution algorithms, operational issues, security and system vulnerability, access, financial integrity, disclosure, and the role of system providers. The Working Party considered these issues and articulated for each a broad principle to assist regulatory authorities in overseeing screen-based trading systems. The IOSCO Principles were adopted by IOSCO on November 15, 1990 and set out in broad terms the international consensus as to the regulatory considerations to be addressed in reviewing mechanisms for cross-border screen-based trading. The Commission adopted the IOSCO Principles as a statement of regulatory policy for the oversight of screen-based trading systems for derivative products on November 21, 1990. Policy Statement Concerning the Oversight of Screen-Based Trading Systems, 55 Fed. Reg. 48670 (Nov. 21, 1990).

[31] To become recognized as a "regulated market," a market for financial instruments must ensure fair and orderly trading by enacting rules regarding membership and contract listing requirements, the organization of trading, the conditions under which trading in one or more financial instruments may be halted, and rules for the recording and publicizing of trades.

[32] The relief afforded French firms under the MRMOU is similar to that provided to firms located in other countries pursuant to Rule 30.10. As stated below, the Division notes that nothing in the no-action relief provided herein abrogates or otherwise alters the obligations of FCMs or Rule 30.10 Firms under the Act, Commission rules or the relevant Part 30 Orders, or French ISPs under the MRMOU.

[33] The COB also retains primary responsibility for regulating those firms that provide portfolio management services for third parties.

[34] ISPs are investment firms and credit institutions authorized to, among other things: (i) receive and transmit orders for third parties; (ii) execute orders for third parties; (iii) trade for one's own account; and (iv) manage an investment portfolio on behalf of third parties.

[35] European Union ("EU") law permits investment firms, banks, and other institutions that are authorized to engage in certain types of investment business in one EU member state to conduct such business in other EU member states, pursuant to the EU's Investment Services Directive and the Second Banking Directive, which provide the regulatory foundation for cross-border activity within the EU. Accordingly, non-French EU institutions doing business in France via this "European Passport" are not required to be authorized as ISPs under FAMA or to have the benefit of an exemption from the authorization requirement in order to conduct investment business in France.

[36] The COB similarly reviews and approves the applications of firms whose principal business will be portfolio management for third parties.

[37] *Supra*, notes 24 and 25.

[38] Although not all of the French authorities jointly responsible for the supervision of MATIF and MONEP members seeking the no-action relief provided herein are signatories to the MRMOU, the CFTC has received representations from the relevant French authorities that they will amend the MRMOU as necessary to facilitate the exchange of information set forth therein.

[39] Order of the CFTC Withdrawing Proposed Rules Regarding Access to Automated Boards of Trade, Release No. 4274-99 (June 2, 1999).

[40] The Division notes that the foregoing is not intended as an exhaustive list of the factors relevant to its decision to grant the no-action relief requested by Parisbourse or of the factors that the Division might consider when analyzing no-action requests from other exchanges. No-action requests, by their nature, require case-by-case evaluation and the Division's conclusion regarding any no-action request

will be based upon the facts and circumstances presented at the time of its review of that particular request.

[41] See CFTC Interpretative Letter No. 88-15, Comm. Fut. L. Rep. (CCH) ¶24, 296 (Aug. 10, 1988).

[42] See CFTC Interpretative Letter No. 87-7, Comm. Fut. L. Rep. (CCH) ¶23,972 (Nov. 17, 1987).

[43] As stated above, "members" includes those persons identified in footnote 3 for the purposes of this no-action letter and the conditions imposed upon the relief provided herein.

[44] For purposes of these conditions, "communications" is defined to include any summons, complaint, order, subpoena, request for information, or notice or any other written or electronic documentation or correspondence issued on behalf of the Commission.

[45] Parisbourse represents that NSC is capable of identifying trades that have originated from a terminal located in the United States and will report such trades as "United States trades." However, orders that have been routed from a customer that is located outside the United States through a United States-located terminal also will be reported as "United States trades." Conversely, all trades that originate from an NSC terminal that is located outside of the United States will be reported as "non-United States" trades, although such trades may actually have originated from a customer using an AORS located in the United States.

[46] The Division notes that "material" changes in the information provided to it in support of this No-Action Request would include, without limitation, a modification of: MATIF's or MONEP's membership criteria; the location of the management, personnel, or operations of Parisbourse, MONEP, or MATIF (particularly changes that may suggest an increased nexus between MATIF's and MONEP's activities and the United States); the basic structure, nature, or operation of NSC; or the regulatory or self-regulatory structure applicable to Parisbourse, MATIF, MONEP, NSC, or NSC participants.

[47] Because Parisbourse has represented to the Division that it is prohibited by French law from directly providing this information to the Commission, these conditions are structured to permit Parisbourse to provide the requisite information to the Commission through its regulators.