



DIVISION OF  
ECONOMIC ANALYSIS

U.S. COMMODITY FUTURES TRADING COMMISSION  
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**Received CFTC  
Records Section**

March 2, 1999

Mr. Michael R. Koblenz  
Mound, Cotton & Wollan  
One Battery Park Plaza  
New York, New York 10004-1486

Re: Notice that the Cantor Financial Futures Exchange has been deemed designated as a contract market in the Flexible Coupon U.S. Treasury Bond, Flexible Coupon U.S. Ten-Year Treasury Note, Flexible Coupon U.S. Five-Year Treasury Note, and Flexible Coupon U.S. Two-Year Treasury Note Futures Contracts (File No. 316.1).

Dear Mr. Koblenz:

By correspondence dated January 13, 1999 and received by the Commission on January 14, 1999, the Cantor Financial Futures Exchange (CX) applied pursuant to Sections 4c and 6 of the Commodity Exchange Act (Act), 7 U.S.C. §§ 6c and 8, and Commission Regulation 5.1, for designation as a contract market in the subject futures contracts.

The Division has reviewed the materials submitted by the CX and has determined that the designation applications appear to meet the Fast Track review requirements of Commission Regulations 5.1(a) and 1.41(b). Accordingly, please be advised that, as of the close of business on March 1, 1999, the CX was deemed to have been designated as a contract market in the Flexible Coupon U.S. Treasury Bond, Flexible Coupon U.S. Ten-Year Treasury Note, Flexible Coupon U.S. Five-Year Treasury Note, and Flexible Coupon U.S. Two-Year Treasury Note futures contracts pursuant to Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7. On the same date, the proposed amendments to rules 820, 821, 825, 834, and proposed new rule 834B were deemed approved pursuant to Section 5a(a)(12) of the Act, 7 U.S.C. § 7a(a)(12) and Regulation 1.41(b).

Additionally, the Division is notifying the CX of the establishment, for the subject contracts, of standards under the expedited procedures of Commission Regulation 1.41(n) regarding initial specification of the coupon rate for each of the proposed contracts and any subsequent specification of a different coupon rate for newly listed months. Such changes shall be deemed approved one business day after receipt by the Commission if the coupon rate meets the following requirements: (a) the rate cannot be set at less than 0% and (b) the rate cannot be set at greater than (i) double the current rate of the relevant Treasury coupon (the latest issue) or (ii) 8%, whichever rate is greater. The Commission shall, within ten days after receipt by the Commission of a CX notice of such change submitted pursuant to Rule 1.41(n), notify the CX if it appears that the change is not consistent with the standards established by the

Commission. Upon such notification to the CX, the change would be subject to the usual procedures under Section 5a(a)(12) of the Act and Commission Regulation 1.41(b).

Sincerely,



John Mielke  
Acting Director