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CHICAGO MERCANTILE EXCHANGE

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September 29, 1999

COMMENT

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Ms. Jean A. Webb
Office of the Secretariat
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

VIA FACSIMILE

RE: Trade Options in Enumerated
Agricultural Commodities

Dear Ms. Webb,

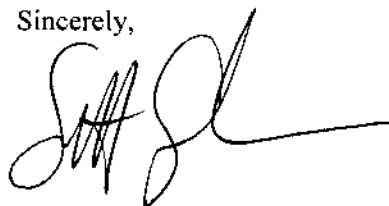
As you know, the Chicago Mercantile Exchange, the Chicago Board of Trade, and the New York Mercantile Exchange submitted a petition to the Commission on June 25, 1999 for broad regulatory relief of their markets. Earlier this year, the CME and the CBOT also proposed a legislative proposal for CFTC reauthorization predicated upon significant regulatory relief for U.S. exchanges to ensure that the "playing field" for all options—*on and off* exchange-- remains level.

The CME has consistently expressed concern that deregulating the off-exchange agricultural options program could lead to fraudulent activity tainting all segments of the industry. The CME finds it difficult to alter our historic position of strong opposition to the lifting of the trade option ban until U.S. exchanges are assured that the regulatory relief will be applied as part of a comprehensive, market-wide reform package. If the relief is universal, the CME would be prepared to support the new CFTC rule. Both the 4(c) petition and the reauthorization proposal are intended to provide exchanges the opportunity to compete more fairly with the off-exchange market. In the absence of CFTC action on the petition or congressional action on the legislative proposal, we believe the Commission would be providing an unfair business advantage to competitors in the same field. It is our belief that granting relief to the off-exchange options market while leaving exchange-traded options (which are, in our opinion, inherently safer and more clearly in the public interest) saddled with an outmoded regulatory system, is both unfair and unwise.

We hope the Commission will make it possible for the CME to support the CFTC's revised initiative on agriculture trade options by provide equivalent and immediate relief to the on-exchange market through our 4(c) petition.

Thank you for your consideration.

Sincerely,



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