

July 13, 2001

Questions Nasdaq LIFFE Concerning Compliance with Designation Criterion 5 (Financial Integrity of Transactions) and Core Principle 11 (Financial Integrity of Contracts)

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2. Who will file large trader reports?

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6. Please clarify aspects of Responsible Persons and/vs. Public Order Members. Are Public Order Members a type of Responsible Person? Do the rules refer to Responsible Persons? Piecing provisions together it appears that every Responsible Person will either be (1) a financially qualified OCC clearing member, (2) have a clearing arrangement with a financially qualified OCC clearing member, (3) be an employee of a financially qualified OCC clearing member, (4) be an employee of a Member that has a clearing arrangement with a financially qualified OCC clearing member, (5) have authority to act on behalf of a financially qualified OCC clearing member, or (6) have authority to act on behalf of a Member that has a clearing arrangement with a financially qualified OCC clearing member. In addition, any Responsible Person that is a Member must meet any criteria the exchange establishes for member who execute, carry, and/or clear transactions for non-Member customers and these are Public Order Members. Public Order Members that do not meet these criteria may only

- execute orders for other Members. Do Responsible Persons and Public Order Members have to maintain seg funds? Where is that requirement in the rules?
7. Is it contemplated that clearing members all will be firms or could an individual be a clearing member? Is this addressed in the rules?
 8. Will OCC clearing banks or custodians acknowledge the purpose of and access to segregated customer accounts (at least those trading SFPs)? Is this addressed in the rules?
 9. With respect to the clearing of SFPs, will OCC make information concerning counterparties and their positions, stress test results, internal governance, legal proceedings, and other clearing activities available to the SEC and/or the CFTC? Will any of this information be made available to Members?
 10. With respect to the clearing of SFPs, what recordkeeping requirements will the OCC meet, and the form, manner and length records will be kept?
 11. With respect to the clearing of SFPs, what information concerning OCC rules and operating procedures governing clearing and settlement systems (including default procedures) will be made available, to whom, and by what method?
 12. What information sharing arrangements is OCC a party to, how is the information obtained used (especially with respect to risk management and surveillance programs), and what information is shared and with whom?
 13. Please comment on whether and how OCC will act in a manner that does not result in a restraint on trade or that results in anticompetitive burdens on Nasdaq LIFFE.