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DIVISION OF
FUTURE EXCHANGE

SJB Trading
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August 10, 1998

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COMMENT

OFFICE OF THE SECRETARY

Ms. Brooksley Born
Three Lafayette Center
1155 21st Northwest
Washington, D.C. 20581

Dear Ms. Born,

My name is Sean Bolger and I wrote you a letter back in March about the proposed Cantor Financial Future Exchange (CFFE.) At that time, I was a clerk in the Eurodollar Pit. Since then I quit my job and began trading from off the floor. I am now a market participant. I go into work everyday willing to take on someone else's unwanted risk, in hopes of turning a small profit from my own ideas. Predominately I am involved in the Treasury bond market. I have found the pit to be as deep and liquid as hoped.

Unfortunately, I found out about this meeting only last Thursday. Because of both business and personal commitments, I am unable to attend. I only wish I could speak these words to you, but because of the circumstances, they must come in the form of a letter. Since I am unable to attend, I would ask that this letter be added to the public record.

Since I wrote my original letter numerous other individuals, as well as institutions, have also corresponded. This issue is obviously one that appeals to a diverse group and has helped to form alliances that would have been unheard of just a few years ago. This, in and of itself, seems to emphasize the enormity of the decision you and your commission will make shortly. A decision to approve of the CFFE will change the face of the futures industry not only here, but the world over, forever. You and I both know once a precedent of this magnitude is set, it is all but impossible to change its course.

Over the past three months, many questions have been raised about the issue: is this a true electronic exchange, is there a discernable audit trail, will terminal operators be registered members? As you know, the list goes on and on. I would just like to reiterate one of my previous points and add one more.

In my first letter I posed to you the question of conflict of interest, "How can an exchange remain a neutral ground for commerce when one of its largest participants is the institution running the said exchange?" Since that time, I tried to ascertain exactly what percentage of the cash bond market Cantor handles. Unfortunately, Cantor appears to be one of the only dealers which does not report these statistics to Gov Pix. The only thing I could find out is that they are the self-described largest broker of U.S. government securities in the world.

If their own claim is true, I feel it would be haphazard not to scrutinize the system that they have designed and built. Although the weight of the world has yet to crush my spirit, I am not living in a utopia where multinational financial players do not look out for their best interests. Cantor-Fitz has designed a system, which in their eyes is both "egalitarian and fair." The key here is "in their eyes." For although their perspective on the markets is valid, it is not the only perspective, and definitely not the most important. Just because they are the biggest, it does not make them right. At any given time, the market is a reflection of the sentiment of all its players (from one-lot start-ups like me to billion dollar fund managers) and all our perspectives matter.

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Another issue I have thought about in reference to Cantor is the question of ethics. When an individual applies for membership at an exchange, he/she has to go through a rigorous background check before acceptance. If an individual would turn up as having committed unethical acts, especially when those acts deal with the futures industry, they would have a hard time passing any membership board, much less the NFA and the CFTC. Exchanges do not want to take this risk.

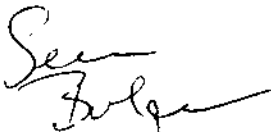
Why would these rules not apply to an institution? This question takes on even more weight when you consider that the institution in question is applying not for membership, but for the right to run an exchange. According to your own press release on January 28, 1997, Cantor settled with you to the tune of \$500,000 after being charged with aiding and abetting fraud. Although they neither admitted nor denied the charges, diplomatically choosing to only "consent" to the charges, the list was long and serious.

Some people have told me this is an irrelevant argument because you cannot compare the actions of an individual to that of a corporation (comparing apples to oranges.) I do not completely agree with this rationale. If an individual left work, got drunk, and then killed a pedestrian I do not feel the corporation should be a fault. However, if an employee of a corporation, acting as an agent of the corporation, involves him/herself in a long list of knowingly unethical and illegal dealings over an extended period to time, there is definite fault. In addition, we are not talking about applying for membership; we are talking about running an exchange. The responsibility here is ten thousand fold more.

The right to run an exchange is something that should be bestowed only to those corporations/individuals who have shown time and time again that they truly stand for all that is fair in the free market system. When dealing with a position of such great power and responsibility, only those with a spotless record should be considered. In that case, they too should undergo the most rigorous of screening.

In closing, I would like to thank you for again allowing me to express my thoughts and feelings on this issue. I could continue on, but I know you are presently contending with tall piles of paper and even taller piles of lawyers. I only ask that you consider some of the points I have raised in this and my previous letter (as well as the dozens if not hundreds of other letters you have received.) Please think long and hard on this issue. The decision you make on the CFFE will most likely be the most important you will make as a regulatory body, and quite possibly one which you will remember for the rest of your life. Thanks again, and the best of luck with your decision.

Sincerely,



Sean Bolger
Bond Trader