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9/7/06

COMMENT

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Ms. Eileen Donovan
Acting Secretary,
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581

5 September 2006

**Re: Comment Letter on "Regulatory Governance," Proposed Acceptable Practices,
71 Fed. Reg. 38740 (July 7, 2006)**

Dear Ms. Donovan:

The Commodity Futures Trading Commission ("Commission") has requested public comment on its "Proposed Acceptable Practices for compliance with section 5(d)(15) of the Commodity Exchange Act." These proposals have resulted from an extensive study by the Commission to address the important issue of corporate governance of self-regulatory organizations. J.P. Morgan Futures Inc. ("JPMFI") applauds the Commission's efforts in this area and appreciates the opportunity to submit the following comments on the proposals.

JPMFI, as an active member of the Futures Industry Association ("FIA"), was one of the firms that participated in the preparation of FIA's August, 28, 2006 comment letter on this matter. Accordingly, JPMFI fully supports FIA's comments on the various proposals detailed in that letter.

In particular, JPMFI endorses FIA's comments in two areas. First, The Commission has proposed that at least 50% of a Designated Contract Market's ("DCM") Board of Directors and Executive Committee ("EC") should be public directors. JPMFI agrees with this benchmark. Without addressing all of the various points raised by the FIA on this matter, JPMFI concurs that a DCM with at least half of its Board and EC members having no material relationship with the DCM should dissuade criticism that an exchange is being run for the benefit of a small minority or is not structured to serve the public interest in self-regulation. Even more importantly, such public director representation on exchange boards would address conflicts of interest that may call for recusing industry directors on an exchange's board. However, as with the FIA, JPMFI also agrees with the Commission that both an exchange's Board and EC are enhanced by the experience of Directors that are members of the industry.

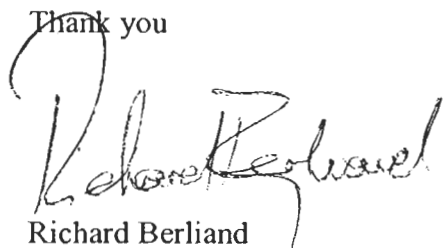
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Second, JPMFI strongly supports FIA's comments on the crucial topic of DCM disciplinary panel composition. The legitimacy of exchange discipline is crucial to effective self-regulation and to the fair treatment of respondents subject to such discipline. Accordingly, JPMFI supports the Commission's proposed safe harbor Acceptable Practice that would require "disciplinary panel composition rules that preclude any group or class of industry participants from dominating or exercising disproportionate influence on such panels." We also concur with the futures commission merchants ("FCMs") who have reported that there are DCMs that do not meet that proposed Acceptable Practice standard. The primary concern is that a respondent may be judged by a DCM disciplinary panel composed primarily of members whose interests may be radically opposed to the interests of a respondent. For instance, a panel composed primarily of floor brokers and traders may sit in judgment of an FCM which has actively advocated the use of electronic trading wherever possible.

As a result, JPMFI submits that the Commission should reconsider its view that at this time, significant new measures are not required in this area.

JPMFI greatly appreciates the work that the Commission has done on this topic and is anticipating the issuance of the Acceptable Practices.

Thank you

A handwritten signature in black ink, appearing to read "Richard Berliand". The signature is written in a cursive style with a large initial "R".

Richard Berliand

Director

J.P. Morgan Futures Inc.