

98-19
(15)

COMMENT

RECEIVED
ETC.

1998 SEP - 2 A 11: 01

American Stock Exchange
Boston Stock Exchange
Chicago Board Options Exchange
Chicago Stock Exchange
Cincinnati Stock Exchange
Pacific Exchange
Philadelphia Stock Exchange
The Options Clearing Corporation

OFFICE OF THE SECRETARY

COMMODITY FUTURES
TRADING COMMISSION
RECEIVED FOR
PUBLIC RECORD
SEP 3 3 52 PM '98

September 2, 1998

Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Over-the-Counter Derivatives Concept Release

Dear Ms. Webb:

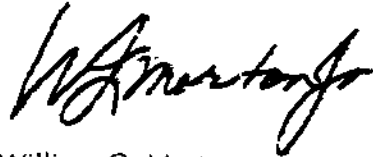
The undersigned securities self-regulatory organizations welcome the opportunity to clearly and concisely state our position on the Commodity Futures Trading Commission's ("Commission") Over-the-Counter Derivatives Concept Release ("Concept Release").

The Concept Release raises questions as to whether the Commission should change its regulatory scheme for all OTC derivatives, including derivatives for which equity securities and indexes based on securities prices are the underlying assets. However, derivative instruments which are options on equity securities or securities indexes are subject to the jurisdiction of the Securities and Exchange Commission and are not subject to the Commission's jurisdiction (Section 2(a)(1)(B)(I) of the Commodity Exchange Act ("CEA")). Similarly, derivative instruments which are futures contracts on equity securities are illegal, and those which are futures contracts on stock indexes may only be traded on a designated contract market (Sections 2(a)(1)(B)(ii) and (v) of the CEA). The Commission does not have the authority to exempt OTC transactions from these provisions (Section 4(c)(1) of the CEA).

Accordingly, without taking a position as a coalition with respect to the many questions raised by the Concept Release with respect to derivatives on other types of underlying assets, we wish to stress that, insofar as these questions relate to derivatives on equity securities and security indexes, we support maintaining the existing regulatory structures under the Shad-Johnson Accord.



Richard F. Syron
Chairman and CEO
American Stock Exchange



William G. Morton
Chairman and CEO
Boston Stock Exchange



William J. Brodsky
Chairman and CEO
Chicago Board Options Exchange



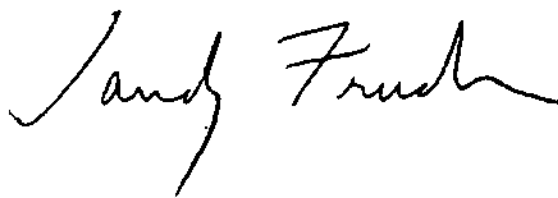
Robert H. Forney
President and CEO
Chicago Stock Exchange



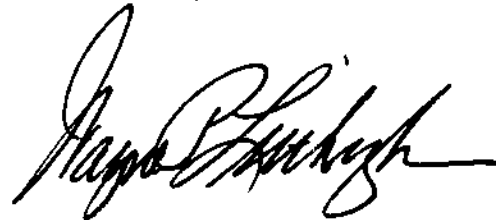
Frederick J. Moss
Chairman
Cincinnati Stock Exchange



Robert M. Greber
Chairman and CEO
Pacific Exchange



Sandy Frucher
Chairman and CEO
Philadelphia Stock Exchange



Wayne P. Luthringshausen
Chairman and CEO
The Options Clearing Corporation

MV/sd
otc98a.ltr