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OFFICE OF THE SECRETARY

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

Re: **Application of Cantor Financial Futures Exchange:
Petition for Materially Incomplete Determination
and for Further Public Comment Upon Correction of Deficiencies in the Record**

Dear Ms. Webb:

Within the last eight business days, the Cantor Financial Futures Exchange ("Cantor Exchange") twice supplemented its contract designation application, proposing further significant changes, which the Commission made public on August 19 and August 25, 1998. Notably, these changes even more strongly signal the goal of the Cantor Group to dominate all decision-making regarding trading activities. Combined with changes proposed in an earlier August 4, 1998 supplement, the additional filings have added over 400 pages of new paperwork to analyze *after* the July 16, 1998 close of the public comment period. The two newest submissions also follow the Commission's August 11, 1998 public meeting on the Cantor Exchange, when the application was supposedly sufficiently complete for such a proceeding to have any value. In light of these developments, the undersigned parties formally petition the Commission to:

1. Declare the Cantor Exchange's pending contract market designation application to be materially incomplete as submitted and to suspend all consideration of the application until those deficiencies have been corrected. CEA § 6(a). (Deficiencies have repeatedly been described by commentators in the public comment process.)
2. Ensure a thorough and responsible analysis of the various issues identified by numerous commentators by providing for additional public comment on the Cantor Exchange application *after* the applicant's sponsors, the Cantor Group and the New York Cotton Exchange, submit a *final, complete and unambiguous description of their proposal* and the Commission staff's legal analysis is complete.

We take the Commission's earlier comment opportunities as an indication that the Commission intends to continue to conduct a serious review of the Cantor Exchange application, complete with meaningful public input. If we are correct in reading the Commission's intentions, the Commission should grant our petition requests. If the Commission does not allow interested parties an opportunity to comment on the applicant's final, completed application, and limits public comment to earlier versions that have been mooted by material changes, the Commission would be deprived of the benefit of **any** public comment on the final, complete application or on the Commission staff's analysis of the major issues raised.

The August 4 submission that followed the July 16 comment deadline included a cover letter addressing 34 issues along with seven exhibits, including a revised Cantor Exchange Rulebook. The newest submissions, dated August 18 and 21, followed both the close of the public comment process and the Commission's August 11 public meeting, and included cover letters addressing 17 and 14 issues respectively, along with a total of six exhibits including yet a fourth and fifth revised Cantor Exchange Rulebook. The submissions also include changes to the contract terms and conditions and a separate set of amendments to the Commodities Clearing Corporation by-laws and rules. (Inexplicably, CCC did not submit its own rule changes to the Commission, nor were they submitted in compliance with the CFTC's form and content requirements for SRO rule submissions.)

Identifying the nature and net effect of the numerous rule changes proposed in the three most recent submissions is extremely difficult since a number of them appear to revert to earlier proposals. These almost weekly updates sequentially propose a total of over 55 substantive changes to the Cantor Exchange By-Laws and Rules.

These multiple changes do, however, also confirm and amplify key issues often only implied in earlier submissions and which further demonstrate the importance of additional public comment prior to a Commission decision on this application. For example, the August 18 supplement included new By-Law 2(b) which shifted to *the exclusive purview of the Cantor Group's five directors* all board decisions affecting three areas: Treasury futures contracts ("whether or not traded on CFFE," implying an unparalleled level of control), EFP trading and the amount of Transaction Fees which are paid solely to the Cantor Group. Even input from the three public directors also appointed by the Cantor Group was eliminated in this change. That proposed By-Law demonstrated that the Cantor Group's control over the Cantor Exchange is far more pervasive than NYCE's representative described at the Commission's August 11 public meeting and underscored the legal objections that have been made to the Cantor Group's control over the Cantor Exchange board. While the By-Law was deleted in the latest filing, Rule 9, added in the August 4 submission, would allow the Cantor Group to gain de facto control by Board delegation, providing an easy mechanism for the Cantor Group to achieve its now publicly announced goal of total dominance of the exchange decision-making. Another material change is that the Cantor Group will no longer provide Supervisors for the Terminal Operators. This modification was made without full explanation as to who will take over the responsibilities that had been attributed to the Supervisors, such as who will now decide if the Cantor Exchange should acknowledge Terminal Operator trading errors.

The ever-shifting nature of the Cantor Exchange proposal requires the Commission, at some point, to make a judgment that the application is finally complete and then to provide interested parties with a description and legal analysis of that complete application. Thus, we ask the Commission to provide a comprehensive description of the proposal when it republishes the application for comment, along with a discussion of Commission staff's legal analysis, including identification of significant legal and policy issues for public comment and the reasons why or why not staff believes the application complies with the CEA's legal requirements. We also request that the Commission offer a 30-60 day comment period to allow sufficient time for interested parties to analyze the application including the most recent materials and formulate their comments. These steps are necessary to ensure a meaningful opportunity for public participation in the application review process.

Finally, we would hope that the Commission would conduct its review as required under CEA § 5a(a)(12) to determine whether any of the rule changes in the August 4, 18 or 21 submissions are of "major economic significance" and to publish any such rule changes for comment at least thirty days before their approval.

We wish to thank the Commission for considering our petition.

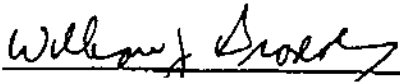
Sincerely,



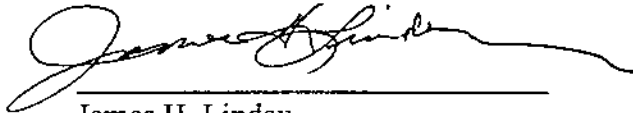
Richard Syron
Chairman and Chief Executive Officer
American Stock Exchange



Michael Braude
President and Chief Executive Officer
Kansas City Board of Trade



William J. Brodsky
Chairman and Chief Executive Officer
Chicago Board Options Exchange



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Thomas R. Donovan
President and Chief Executive Officer
Chicago Board of Trade