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MANAGED FUNDS ASSOCIATION

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The Association for investment professionals in futures, hedge funds and other alternative investments.
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COMMENT

October 22, 1999

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

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Re: Cantor Financial Futures Exchange, Inc.
Proposed Rules Permitting Block Trading

Dear Ms. Webb:

The Managed Funds Association (MFA) respectfully submits this comment letter to the Commodity Futures Trading Commission (CFTC or Commission) in response to the Commission's request for comment, published October 7, 1999, concerning the proposed new rules and rule amendments submitted by the New York Board of Trade on behalf of the Cantor Financial Futures Exchange, Inc. (CFFE) to establish block trading procedures on the CFFE (Proposed Rules).

MFA is a national trade association of more than 700 members, representing a diverse group of alternative investment professionals, including hedge fund and commodity

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trading managers, commodity pool operators and fund of funds managers. MFA's members represent major end-users of futures markets, who support initiatives to foster the growth, depth and accessibility of various market alternatives.

MFA applauds the Commission's willingness, as reflected in its Advisory on Alternative Execution, or Block Trading, Procedures for the Futures Industry, 64 FR 31195 (June 10, 1999) to permit U.S. futures exchanges to establish new types of execution procedures to foster efficiency and competition. MFA strongly supports the development of innovative execution procedures to facilitate the execution of large size or other types of orders.

With respect to the specifics of the Proposed Rules, MFA supports the ability of commodity trading advisors (CTAs) with a minimum level of assets under management to enter into block transactions on behalf of customers without those customers being required to qualify as "eligible participants" under CFTC Regulation 36.1(c)(2). However, MFA believes that the proposed \$50 million total asset threshold in the Proposed Rules for CTA eligibility to make use of the proposed block trading procedures is unnecessarily restrictive and, potentially, anticompetitive in effect. The objective of limiting block trading procedures to professionals who have a high degree of investment sophistication would be satisfied by use of a significantly lower asset level, as has been recognized in other contexts by the CFTC. For example, CFTC Rule 4.7(a)(1)(ii)(A)(4) defines as a qualified eligible participant a CTA registered and active as such for two years or who provides commodity interest trading advice to commodity accounts which, in the aggregate, have total assets in excess of \$5,000,000 deposited at one or more futures commission merchants. MFA submits that an eligibility threshold for CTAs that is more

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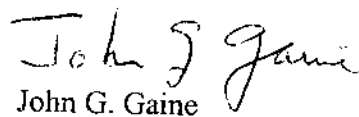
consistent with the Commission's approach in Rule 4.7 would fully serve the objectives of the proposed eligibility standards without unduly restricting access to the proposed procedures.

In this connection, MFA notes that the National Futures Association (NFA) has proposed harmonization of the Commission's various "sophisticated customer" definitions through enactment of a single "enumerated person" definition with application to multiple Commission rules. This definition would be similar to the "eligible swap participant" definition in Part 35 of the Commission's rules. MFA urges the Commission to give favorable consideration to NFA's proposal and submits that use of the NFA "enumerated person" definition in the context of block trading procedures such as those proposed would provide a sound definitional basis for identifying eligible customers.

With respect to other provisions of the Proposed Rules, MFA understands that the Futures Industry Association (FIA) has filed with the Commission detailed comments and urges the Commission to give serious consideration to FIA's submission. MFA supports the development of block trading procedures that are accessible, efficient and effective.

MFA appreciates the opportunity to submit these comments on CFFE's Proposed Rules and would be happy to respond to any questions or to provide further information that may be relevant.

Sincerely yours,


John G. Gaine