

ATLANTIC METALS, LIMITED

15th December 2003

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D. C. 20581

Attn: Ms. Jean Webb, Secretary

VIA: ELECTRONIC MAIL ONLY: secretary@cftc.gov

Ladies and Gentlemen,

RE: U. S. Futures Exchange LLC (“USFE”) Application for Contract Market
Designation

I refer to your Release #4872—03 dated the 10th December 2003 in which you invite comment from all interested persons in re the U. S. Futures Exchange’s Application for Contract Market Designation. This letter is submitted pursuant to such invitation.

BACKGROUND: ABOUT “ATLANTIC METALS, LIMITED”

Atlantic Metals, Limited (the “Company”) was formed about twenty-two years ago for the purpose of engaging in proprietary trading in securities, futures, and options thereon, as a Member of several designated contract markets. The Company traded as a member of the Chicago Board of Trade for about fifteen years; it was also a member of the Board of Trade Clearing Corporation for about seven of those years. Continuously since its inception, I have served as the Company’s Managing Director. I believe that it is fair here to state that the Company has an unblemished regulatory history.

The Company, either directly or through affiliated entities, has engaged in proprietary trading involving many different markets and also a number of different trading and

regulatory environments. Experience includes both open-outcry and screen-based systems in both the commodity futures industry, the securities industry, and also the insurance industry on a world-wide basis.

As an individual, this letter is written with what will, advisedly, be referred to as the “benefit of over thirty years’ experience.”

REFERENCE TO AN EARLIER SUBMISSION

I now refer to a letter, earlier submitted to you on this same issue, dated the 7th November 2003 from DRW Holdings LLC over the signature of Mr. Donald R. Wilson Jr. On reflection, there is not a single point made in that letter with which we disagree, or which is, in any material way, at variance with our own experience. It is an excellent submission in every regard.

REGULATORY RECIPROCITY

One further issue of importance, but not addressed by Mr. Wilson’s excellent letter, is that of, to coin a phrase, “regulatory reciprocity.” As an ideal, I very much favor the institution of laws, including agreements and treaties by whatever name, to achieve seamless cross-border commerce and competition. With much effort, enormous progress in this area has been made in recent years in the fields of banking and insurance. I would urge the Commission to use this matter as a catalyst to achieve the same sort of over-arching regulatory scheme within its mandate.

But, to put it bluntly, cross-border guarantees of regulatory even-handedness have not been yet achieved.

WHAT IS “FAIRNESS”? WHY IS IT IMPORTANT?

Strictly as a matter of current law, it appears that the Commission could rule “either way” in this matter. Any jurisdiction’s body of laws is an effort to shape behavior and is a reflection of what that jurisdiction believes to be necessary or desirable. The law is a “work-in-progress” and cannot be expected to address every issue that may arise.

As there is no clear statute, a more fundamental appeal here is made. Rather than re-argue the case, I here incorporate by reference Immanuel Kant’s *Foundations of the Metaphysics of Morals*. This work, now accessible to readers of English in several creditable translations, arguably is the best effort made thus far toward identifying and defining a “supreme principle of morality.” If ever there will be a *successful* “Federal Code of Fiduciary Duty”, so sorely needed, it will be grounded in Kant’s work.

SUMMARY

Mr. Wilson ably demonstrates why USFE's proposed business model fails a fundamental test of fairness; it so fails by proposing a business model that penalizes participants for exercising any sense of moral duty. USFE proposes to establish a framework in which agents are rewarded for actions violative of Kantian moral principles, or, more accurately, his supreme moral principle; a framework thus fostering behavior that would be, but for the lack of a Federal Code of Fiduciary Duty, impermissible.

Immanuel Kant gives us all a rational basis for our common intuitions about morality. He also gives you, the Commissioners, a basis in reason alone for your rejection, unless and until amended, of USFE's Application for Contract Market Designation.

Respectfully submitted,

Yours very sincerely,
ATLANTIC METALS, LIMITED

J. A. Stevens

J. Alexander Stevens,
Managing Director