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MINNEAPOLIS GRAIN EXCHANGE

James H. Lindau
President &
Chief Executive Officer

April 24, 1998

COMMENT

Certified Mail

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

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COMMODITY FUTURES
TRADING COMMISSION
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RE: Cantor Financial Futures Exchange, Inc.

Dear Ms. Webb:

As an interested party, the Minneapolis Grain Exchange ("MGE" or "Exchange") respectfully submits the following comments regarding the application by Cantor Financial Futures Exchange, Inc. ("CFFE") to be designated as a contract market.

As a contract market, the MGE must comply with the requirements of the Commodity Exchange Act ("CEAct"), as amended, and all applicable regulations set forth thereunder. Consequently, the MGE has developed detailed surveillance programs to ensure its compliance, as well as its members' compliance, with the CEAct. After reviewing the information available regarding CFFE's application, the MGE is concerned there is inadequate information detailing CFFE's surveillance and compliance programs. Given the Commission's position that regulatory, compliance, surveillance, arbitration and disciplinary programs are among the most important functions of a contract market, the MGE sincerely questions CFFE's commitment as a regulator and is concerned about how proper surveillance and compliance will be maintained when CFFE makes the decision to contract out all such responsibilities to the New York Cotton Exchange ("NYCE"). Additionally, consideration must be given to Coffee Sugar Cocoa Exchange's ("CSCE") merger proposal with the NYCE and whether the CSCE will be committed to all phases of market surveillance and compliance of a contract market other than its own.

All of the contracts CFFE has specified are currently traded at the Chicago Board of Trade ("CBOT"). Furthermore, the CBOT has experienced surveillance staff in place already for the contracts proposed by CFFE. Therefore, the MGE questions whether NYCE's regulat-

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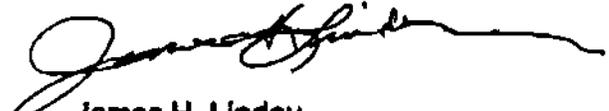
Ms. Jean A. Webb
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ory body will be properly staffed to handle the additional burden of providing regulatory and compliance oversight to these additional contracts given the comparative size of the NYCE's regulatory body to the CBOT's. Furthermore, the MGE believes that the CBOT's regulatory body is more familiar with the individual market participants through years of market surveillance and has a better understanding of member firms' activities in this industry than NYCE currently has.

In addition to concern about the surveillance programs, the MGE also has concern about the distinct possibility of conflicts of interest that could arise with the world's largest broker of U.S. Government Securities acting as a disinterested third party for a trading system which they also developed, own and operate. The MGE also believes that there exists a conflict of interest even though tape recordings would be made of all conversations, since CFFE terminal operators would be jointly employed by CFFE and CFFE, LLC which is wholly owned by Cantor Fitzgerald, LP and those terminal operators would be located at Cantor Fitzgerald Securities, LLC facilities.

Thank you for the opportunity to comment. The MGE wishes to emphasize its primary concern that standards and requirements should not be lowered simply on the unproved, and often discredited, notion that electronic trading outperforms open outcry as a price discovery mechanism.

Sincerely,



James H. Lindau