



New York Mercantile Exchange

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COMMODITY FUTURES TRADING COMMISSION RECEIVED FOR PUBLIC RECORD

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COMMENT



We wouldn't trade them for anything.

September 2, 1998

VIA FACSIMILE, FEDERAL EXPRESS AND ELECTRONIC MAIL

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

Re: Cantor Fitzgerald Futures Exchange, Inc. Application for Designation as a Contract Market

OFFICE OF THE SECRETARY OF THE COMMODITY FUTURES TRADING COMMISSION RECEIVED C.F.T.C. 1998 SEP -2 P 3:01

Dear Ms. Webb:

The most recent comment period for the above-referenced application ("Cantor Exchange application") ended on July 16, 1998. It has come to the attention of the New York Mercantile Exchange ("NYMEX" or the "Exchange") that, following the close of this public comment period, several hundred pages of paperwork were submitted, by letter dated August 4, 1998, to supplement and revise the Cantor Exchange application. On August 11, 1998, the Commodity Futures Trading Commission ("CFTC" or the "Commission") held a public meeting on this application. According to the Records Section of the CFTC's Office of the Secretariat, the Cantor Exchange supplemented its application with materials presented at that meeting.

The Records Sections also has indicated that, subsequent to the public forum, the Cantor Exchange, by letters dated August 21, 1998 and August 27, 1998, submitted additional filings to the Commission. The August 21 filing contains a 95-page document, which is referenced as the "August 21, 1998 Draft" of the Cantor Exchange's proposed by-laws and rules. The August 21 filing also contains a ten-page draft of a proposed "Customer Information and Risk Disclosure Statement" and a 14-page Cantor Exchange test report. The August 27 filing contains a 91-page document, which is referenced as the "August 27, 1998 Draft" of the Cantor Exchange's proposed by-laws and rules and which apparently was submitted as a replacement for the draft by-laws and rules submitted during the prior week.

These developments are discussed in an August 28, 1998 letter to the Commission submitted by the American Stock Exchange, the Chicago Board Options Exchange, the Chicago Board of Trade, the Kansas City Board of Trade and the Minneapolis Grain Exchange ("August 28 letter"). The August 28 letter identifies a number of serious issues raised by the recent Cantor Exchange submissions. In

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The New York Mercantile Exchange is composed of two divisions. The NYMEX Division offers trading in crude oil, heating oil, unleaded gasoline, natural gas, electricity, propane, platinum, and palladium. The COMEX Division offers trading in gold, silver, copper, and the Eurotop 100® index.

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addition, that letter suggests a series of steps that should be undertaken by the Commission in order to provide for a meaningful opportunity for public comment on the material changes that have been made in the Cantor Exchange application.

NYMEX agrees with the August 28 letter that the various submissions made by the Cantor Exchange following the close of the public comment period raise a number of additional questions and warrant careful and considered legal analysis by the Commission. Therefore, the Exchange concurs with the recommendations made in the August 28 letter on the appropriate steps that should be followed by the Commission in light of these developments, including providing a new comment period to permit the public sufficient time to analyze the new materials.

NYMEX believes strongly that it is important for the Commission to maintain a level playing field. Thus, the Commission's rules and procedures should be applied in a fair and evenhanded manner to all contract markets.

Very truly yours,


R. Patrick Thompson
President