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U.S. COMMODITY FUTURES TRADING COMMISSION

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DIVISION OF
TRADING & MARKETS

COMMODITY FUTURES TRADING COMMISSION RECEIVED FOR PUBLIC RECORD
OCT 7 11 30 AM '98

BY FACSIMILE AND REGULAR MAIL

Re: Order Routing Systems

Dear :

At our meeting in Washington on July 14, 1998, you stated that DTB[1] does not market or promote the use of order routing systems.[2] You further stated that DTB orders must be entered manually by a person who is a trader with a DTB member; to do otherwise is against DTB rules. You noted during the meeting that DTB might, however, change its rules in this regard, and in a follow-up telephone conversation with Division staff on July 29, you indicated that rule changes to allow order routing (including from U.S. locations) could be implemented within a matter of weeks. You also indicated that different rules could be applied to the use of order routing systems in the U.S. and outside the U.S.

As I stated at the July 14 meeting, the Commission is contemplating rulemaking – as indicated in its concept release issued on July 17-- regarding, among other things, usage of trading terminals and order routing systems in the U.S. to trade the products of foreign boards of trade. In the meantime, as I stated in the July 14 meeting and in my June 3, 1998 letter to you,[3] the Division believes that it is important to maintain the status quo with respect to DTB's operations and trading in the U.S. It is our view that changing the rules to allow the use of order routing systems in the U.S. would upset the status quo and was not contemplated when the Division's February 29, 1996 no-action letter was issued.

Accordingly, we request that DTB issue a notice to its members and to its sales force stating that the current rules concerning order entry shall remain in effect as to customers and other DTB traders in the U.S. until the Commission further addresses this issue.

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1 DTB as used herein includes all Eurex exchanges.

2 "Order routing system" as used herein includes any computer hardware or software or other technology providing customers with the ability to enter or to execute DTB trades (excluding dedicated DTB terminals operated by DTB-authorized traders).

3 CFTC Interpretative Letter No. 98-42, 1998 WL 377865 (June 3, 1998).

If you have any questions concerning this correspondence, please contact Division Chief Counsel, David Battan, or Associate Chief Counsel, Lawrence Patent, at (202) 418-5450.

Sincerely,

I. Michael Greenberger
Director