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April 28, 1999

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

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COMMENT

Re: Proposed Rules Governing Access to Automated Boards of Trade

Dear Ms. Webb:

ABN AMRO Incorporated ("AAI") welcomes this opportunity to provide its comments on the above referenced release and proposed regulations (the "Release"). ABN AMRO Incorporated is registered in the United States as a futures commission merchant ("FCM") with affiliated commodity futures entities in London, Singapore, Hong Kong, Paris, Sydney and Frankfurt.

General Comments

AAI believes that orders entered via an electronic terminal are not substantially different than orders entered via a telephone. U.S. customers currently trade contracts on foreign markets via U.S. FCMs. In addition, U.S. FCMs may, under current regulatory structures, enter orders at approved foreign exchanges. There does not seem to be a clear regulatory purpose for making any distinction as to how such orders are completed, whether transmitted by telephone or computer line. As such, as an FCM, we are concerned that the Commission is regulating the medium versus the message and this will only serve to cause inefficiencies in servicing our customers.

Through relevant Part 30 regulations, the Commission currently has in place regulations to prohibit certain non-U.S. entities from dealing with U.S. customers directly without prior Commission approval and home country regulatory oversight. In addition, U.S. customers dealing with U.S. firms have access to non-U.S. markets approved by the Commission. As such, regulatory procedures already exist to extend protection to U.S. customers dealing on foreign exchanges and any additional regulation would appear to be responding only to changing technology and not any specific regulatory concerns that arise out of such new technology.

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AORSs Require No Additional Regulation

In developing an Automated Order Routing System ("AORS"), as defined in the Release, AAI seeks to allow its customers efficient order entry and order management. An AORS further allows AAI to implement controls not previously possible with traditional order entry, such as hard coding position or price limits on a customer basis. By allowing such AORS to connect directly to a Direct Execution System ("DES"), as defined in the Release, an FCM may still perform all such intermediary tasks as it conducted with human intervention. These tasks are programmed into the AORS and indeed allow for intermediation by the FCM.

CFTC Rule 1.16 requires an FCM to have in place appropriate accounting controls and procedures for safeguarding firm assets¹. FCMs, to insure their own survival, will adopt all such relevant oversight policies without any regulatory mandate. The proposed new Rule 1.71 mandating specific controls which must be in place for only this type of order entry seems to allow the Commission to manage each specific FCM's business and circumstances. One set of controls may not be appropriate for all registrants.

For example, AAI has significant regulatory oversight from numerous regulatory bodies in the U.S. and part and parcel of such a multi-regulatory structure is the requirement to have high quality credit and risk control policies in place. In addition to the Commission, the SEC, various stock exchanges, and the Federal Reserve also govern AAI. AAI has a predominantly institutional client base. Other registrants may have a different client base and different regulatory oversight. Consequently, the Commission's attempt to mandate controls for various types of registrants by proposed Rule 1.71 will not serve any regulatory function and serves only to allow the Commission to manage the information technology divisions of such registrants.

In summary, the Commission, through the relevant DSRO, already has the ability to review the control procedures in place for each registrant's AORS through its audit process in the U.S. and through Rule 30.10 for non-U.S. firms ("Part 30.10 Firms"). To state that such use of an AORS, which changes only how the order is transmitted, necessitates review because it changes the locale of the non-U.S. exchange and to subject the FCMs to special requirements for development of their AORS systems and policies serves no additional regulatory purpose.

¹ 7 CFR § 1.16

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Oversight of DESs Needed on a Limited Basis

AAI agrees that a DES which provides direct access to a non-U.S. exchange by a U.S. customer with no involvement by the U.S. FCM or a Part 30.10 Firm may require oversight. However, where the U.S. FCM or Part 30.10 Firm is the entity entering customer orders directly to the DES of an approved exchange or via its AORS to such DES, the firm is acting as intermediary and for the reasons stated above there are already adequate controls in place to monitor this activity. Indeed the FCM or Part 30.10 Firm has a vested interest in insuring that such DES has sufficient risk management tools on its system to prevent any losses to the firm or its customers.

As an FCM, AAI already has such access to established and approved boards of trade via telephone order entry. Direct access to the DES of an approved exchange by a registered entity should not require additional regulatory oversight.

Direct access by U.S. customers may require oversight by the Commission and AAI would encourage the Commission to adopt the standards set forth in the FIA's comment letter to the Commission on this subject².

Conclusion

Customers in the U.S. are demanding efficient access to world markets. AAI's customers specifically are sophisticated, institutional companies conducting business on a worldwide basis. The decreased communication costs and advent of new technologies should allow U.S. customers a more efficient, less costly manner of doing business and managing risk. The increased use of technology also allows FCMs the ability to strengthen its own compliance, credit and risk management capabilities.

The Commission should encourage these efficiencies rather than create impediments to growth. The end result of imposing new restrictions on U.S. customers and discouraging access to world markets will cause such sophisticated customers to move their accounts offshore and to non-U.S. firms where such efficient access will not be denied.

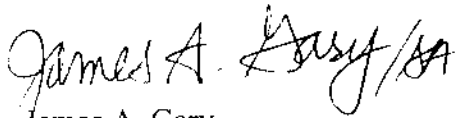
Most customers recognize the strengths of the U.S. regulatory system and take comfort in its ability to safeguard their funds. However, if these strengths are offset by weaknesses in technology or losses from inefficiencies, we would be concerned that customers would seek to improve their market capabilities elsewhere.

² Letter from John Damgard, FIA to Jean A. Webb (April 19, 1999)

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AAI would welcome the opportunity to discuss with the Commission any comments set forth in this letter. If you have any questions regarding this submission, please contact the undersigned at 312.855.7254.

Sincerely,



James A. Gary
Executive Vice President