

November 5, 2003

The Honorable Bob Goodlatte  
Chairman  
Committee on Agriculture  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Charles Stenholm  
Ranking Minority Member  
Committee on Agriculture  
U.S. House of Representatives  
Washington, DC 20515

**Re: Eurex US Application to become a Designated Contract Market**

The Honorable Bob Goodlatte and the Honorable Charles Stenholm:

The undersigned trade associations represent all major participants in the U.S. capital markets. Our members include banks, securities firms, futures firms, government securities dealers (including all primary dealers in U.S. Treasury securities authorized to transact directly with the Federal Reserve Bank of New York) and a broad range of professional financial intermediaries. Our members include the principal users of financial futures products, including the futures contracts on U.S. Treasury securities that are currently listed by the Chicago Board of Trade and proposed to be listed by the United States Futures Exchange (Eurex US).

Financial futures contracts represent important risk management tools for our members, as well as for the thousands of institutions, companies, investors and individual customers our members serve. These products serve a critical role in enabling our members and others to provide interest rate sensitive products, such as mortgages and commercial loans, to consumers and businesses throughout all sectors of the United States economy.

We write today to alert the Committee to our organizations' serious concerns regarding possible delay in the Commodity Futures Trading Commission's (CFTC) processing of the Eurex US application for designation as a contract market. We believe that the CFTC has the expertise and resources to fully review the Eurex US application in a timely manner. We urge this Committee to encourage the CFTC to proceed expeditiously in acting on the application of Eurex US, as it has consistently done in the processing of other similar applications.

We are familiar with the Eurex US application and have observed the commentary and media coverage attending the application. We wish to emphasize that we see no significant policy or regulatory issues raised by the application that would require or justify any legislative changes. Furthermore, we are aware of no issues that would preclude the prompt processing of the application.

As this Committee is aware, the promotion of competition was a principal animating goal of the Commodity Futures Modernization Act of 2000 (CFMA). The CFMA modernized the regulatory framework for the U.S. futures markets, striking a more effective balance between government oversight and private sector discipline. The CFMA was grounded in the understanding that market discipline can play an important role in protecting investors. Although not a substitute for regulation, the CFMA recognized that private sector discipline promotes efficiency and mitigates the need for overly prescriptive regulation. However, market discipline requires vigorous competition of the type that we believe Eurex US is well positioned to potentially provide.

Designation of Eurex US thus offers the potential for greater competition in the market for U.S. futures products. The entry of Eurex US has the potential to enhance choice, and our members hope and expect that it will lead to increased efficiency, lower costs, a broader range of services and growth in the U.S. futures markets. Any undue delay in consideration of the Eurex US application would put these important benefits at risk.

As the Committee on Agriculture played a crucial role in drafting the CFMA, our organizations welcome the Committee's interest in the Eurex US application as well as in other issues that arise out of enactment of the CFMA. This Committee has an important role to play in ensuring that the promise of the CFMA is realized.

Accordingly, the undersigned organizations urge that this Committee strongly encourage the CFTC to implement the CFMA's objectives by processing the Eurex US application as expeditiously as possible.

Sincerely,

**American Bankers Association  
The Bond Market Association  
The Financial Services Roundtable  
Futures Industry Association  
International Swaps and Derivatives Association  
Securities Industry Association**

cc: The Honorable J. Dennis Hastert  
The Honorable Nancy Pelosi  
The Honorable Bill Frist  
The Honorable Thomas Daschle  
The Honorable John W. Snow  
The Honorable Alan Greenspan  
Members of the House Agriculture Committee  
The Honorable James E. Newsome  
The Honorable Barbara Holum  
The Honorable Sharon Brown-Hruska  
The Honorable Walt Lukken