



Securities Industry Association

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October 10, 2001

The Honorable Michael G. Oxley
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oxley:

As you are aware, the Commodity Futures Modernization Act of 2000 (CFMA) appears to have contemplated that the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) will have completed the rulemakings necessary to permit full-scale trading of security futures by December 21, 2001. As you also know, the tragic events of September 11, 2001 have severely strained the systems, personnel and related operational resources of the firms, exchanges and clearing organizations that provide the infrastructure for the U. S. capital markets. The highest priority of these market participants is to restore and ensure the continued stable operation of those systems on which the U.S. capital markets, investors and corporations depend for the vitality of our financial economy. For many firms that have lost the primary data processing and communications systems on which their businesses depend, this is no mean undertaking. Firms that suffered extensive damage are now in the process of rebuilding their primary systems, rather than relying on back-up arrangements.

We understand from the members of our two trade associations that a consensus has emerged among industry participants that, as a result of these urgent priorities, a launch of single stock futures trading prior to the end of March 2002 is unrealistic. In addition, our members project that they may require approximately two months following the finalization of regulations governing these products to implement, test and place into production the systems changes necessary to comply with the new dual regulatory framework applicable to these products.

As important, the industry needs a meaningful opportunity to comment on proposed rules. The SEC and the CFTC recently have published for public comment extensive and complex new rule proposals governing various aspects of security futures trading and additional rule proposals are imminent. These rule proposals provide for a thirty-day public comment period. It appears that the agencies selected this extraordinarily short time period with the December 21 date in mind.

Against this background, we believe that the thirty-day time period is simply too short for robust private sector comment. Therefore, we will be requesting that the SEC and CFTC extend the relevant comment periods for these and any subsequent rulemaking

proposals by an additional thirty days. As a result of recent events, a more thoughtful review can be accommodated without any practical adverse impact on the timing of the launch of these products.

We sincerely appreciate your continued interest in and attention to these issues. If you should have any questions or concerns regarding this letter, please do not hesitate to contact either of the undersigned at your convenience.

Very truly yours,

Marc E. Lackritz
President
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