

CFFE's rules, accounts that placed such responsive orders would be known as "aggressors." Aggressors who placed orders that hit all outstanding bids (take all outstanding offers) in the Cantor System at any particular time would be permitted to engage in an exclusive trading period with the best bidder (offeror). During this exclusive trading period, the aggressor and the best bidder (offeror) would "work up" the quantity for a trade at the previously-established trade price. During this work up process, each party would be given alternating six-second periods either to agree to do a transaction at the quantity offered by the other party or to counteroffer for some other quantity. This work up process would continue until the parties agreed to a transaction quantity.⁷ During an exclusive trading period, the Cantor System would accept subsequent bids and offers at the same price as the ongoing trade, and these orders would be matched on a time-priority basis to the extent possible immediately upon the conclusion of the exclusive period. The CFFE would provide an exclusive trading period to participants who were earliest in posting best market bids and offers and to aggressors in order to create an incentive for participants to place orders at attractive prices and to provide liquidity.

Upon the execution of a CFFE transaction, the TO would provide an oral confirmation of the trade to the submitting SBT or AT by telephone and the SBT or AT would record the details of the trade on an order ticket.⁸ Upon execution of a trade, the Cantor System also would electronically transmit matched-trade data to CCC for clearing and settlement purposes. For each trade, CCC would transmit transaction information to the appropriate clearing members via the Trade Input Processing System ("TIPS").⁹ Clearing members would be required to accept or reject each trade within thirty minutes of its posting on TIPS.

The Cantor System also would transmit relevant trade data to NYCE each day for compliance and surveillance purposes.

Since the Commission's original publication of the CFFE's proposal for

⁷ The entire work up process would be conducted through CFFE TOs who would enter each party's desired quantity into the Cantor System. The System itself would automatically trigger the alternating six-second exclusive period for each party.

⁸ TOs would receive and input orders from SBTs and ATs and relay back trade confirmations. TOs could not maintain any sort of order book or deck, nor could they exercise any discretion over orders.

⁹ CCC estimates that CFFE trades would be posted on TIPS within fifteen minutes of their execution.

comment, the Exchange has revised a number of aspects of its proposal. Among the revisions, the CFFE has provided an extensive explanation of its TOs' responsibilities and restrictions and has stated that it would register all TOs with the Commission as floor brokers. The Exchange also has created a new membership category—Associate Members—and has clarified that all holders of CFFE trading privileges who could execute customer orders would be Commission registrants. In addition, all trading privilege holders would, under CFFE's rules, be subjected to the Commission's Part 155 trading standards. The Exchange also has provided further explanation and justification of its trade-matching algorithm, including the procedures for exclusive trading periods and market-crossing sessions.

Finally, among the more significant additions to its submission, the CFFE has determined that the CCC, rather than the New York Board of Clearing, would clear and settle Exchange transactions. It also has submitted an extensive description of CFFE's compliance and surveillance programs and the role of NYCE staff in administering these programs.

III. Request for Comments

Any person interested in submitting written data, views, or arguments on the proposal to designate CFFE should submit their views and comments by the specified date to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581. In addition, comments may be sent by facsimile transmission to facsimile number (202) 418-5521, or by electronic mail to secretary@cftc.gov. The Division seeks comment on all aspects of CFFE's application for designation as a new contract market, as well as CCC's proposal to serve as CFFE's clearing organization. Reference should be made to the CFFE application for designation as a contract market in US Treasury bond, ten-year note, five-year note and two-year note futures contracts. Copies of the proposed terms and conditions are available for inspection at the Office of the Secretariat at the above address. Copies also may be obtained through the Office of the Secretariat at the above address or by telephoning (202) 418-5100.

Other materials submitted by CFFE and CCC may be available upon request pursuant to the Freedom of Information Act (5 U.S.C. 552), except to the extent that they are entitled to confidential treatment pursuant to 17 CFR 145.5 or 145.9. Requests for copies of such

materials should be made to the Freedom of Information, Privacy and Sunshine Act compliance staff of the Office of the Secretariat at the Commission headquarters in accordance with 17 CFR 145.7 and 145.8.

Issued in Washington, DC, on June 25, 1998.

Alan L. Seifert,

Deputy Director.

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COMMODITY FUTURES TRADING COMMISSION

Membership of the Commission's Performance Review Board

AGENCY: Commodity Futures Trading Commission.

ACTION: Membership Change of Performance Review Board.

SUMMARY: In accordance with the Office of Personnel Management guidance under the Civil Service Reform Act of 1978, notice is hereby given that the following employees will serve as members of the Commission's Performance Review Board.

Chairperson: Linda Ferren, Executive Director. Members: Susan G. Lee, Executive Assistant to the Chairperson; Daniel Waldman, General Counsel; Steven Manaster, Director, Division of Economic Analysis; Geoffrey Aronow, Director, Division of Enforcement; I. Michael Greenberger, Director, Division of Trading and Markets.

DATES: This action will be effective on July 1, 1998.

ADDRESSES: Commodity Futures Trading Commission, Office of Human Resources and Support Services, Three Lafayette Centre, Suite 4100, Washington, D.C. 20581.

FOR FURTHER INFORMATION CONTACT: Ann Linnertz, Director, Office of Human Resources and Support Services, Commodity Futures Trading Commission, Office of Human Resources and Support Services, Three Lafayette Centre, Suite 4100, Washington, D.C. 20581, (202) 254-3275.

SUPPLEMENTAL INFORMATION: This action which changes the membership of the Board supersedes the previously published **Federal Register** Notice, September 11, 1997.

Issued in Washington, D.C. on June 24, 1998.

Jean A. Webb,

Secretary to the Commission.

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