



**London**  
**STOCK EXCHANGE**

Nancy M. Morris Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

8 September 2008

EDX London Limited  
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London EC4M 7LS  
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Dear Ms. Morris

**Re: File Number S7-16-08. Proposed Rule: Exemption of Certain Foreign Brokers or Dealers**

EDX London Ltd. appreciates the opportunity to comment on the proposed rule amendment concerning Rule 15a-6.

EDX London is a private limited company incorporated in England and Wales operating as a Recognised Investment Exchange (RIE) in the United Kingdom. EDX London's activities as a RIE are regulated by the Financial Services Authority (FSA) pursuant to the Financial Services and Markets Act of 2000 (FSMA). EDX London provides exchange facilities for the trading of futures and options contracts and other related services to its members.

We support the proposed amendments to improve regulation of foreign broker activities in the United States which would continue to maintain a regulatory environment designed to protect investors and the public interest. We agree that expanding the category of US investors that foreign brokers may contact and reducing the chaperoning role played by US broker-dealers will bring substantial benefits to US investors and will remove unnecessary costs.

As a foreign options exchange, we commend the SEC for proposing the codification of the options familiarisation doctrine.

We note with encouragement that the proposed amendments would allow the representative of a foreign options exchange to communicate with persons that he or she reasonably believes are qualified investors regarding the foreign options exchange and the options on foreign securities traded on the exchange. We are pleased to see that these communications could include programs and seminars in the United States.

We are also encouraged to see that the proposal would include the introduction of an OTC options processing service and fully support the benefits it would offer to investors.

Additionally, we agree that it makes sense to permit a foreign options exchange to provide, qualified investors with an option disclosure document detailing the special characteristics and risks of standardised options contracts.

While we welcome the codification of the options familiarisation regime, we submit that the process is too limited and should enable all broker-dealers to engage in familiarisation activities. We are keen for the SEC to provide an exemption from the onerous exchange registration requirements of the Exchange Act so that EDX London can offer membership services to US-registered broker-dealers. It is not in the interests of US investors and US broker-dealers that access to foreign markets must always occur through a foreign broker. We commend the SEC on the progress to date on its mutual recognition initiative and encourage your continued efforts in this direction.

We are familiar with the CFTC's practice of issuing no-action letters to allow foreign boards of trade to make their products available in the US (complemented by the Part 30 regime for the foreign intermediaries). This practice is based on the principle of mutual recognition which relies on supervisory co-operation and trust.

While the proposed changes to Rule 15a-6 would provide greater legal certainty for foreign options exchanges and in that respect are welcomed, we are unclear as to why these familiarisation activities are limited to options markets. We believe qualified investors would benefit from the availability of greater information about foreign securities and that foreign exchanges are in a good position to provide this information. The SEC should therefore consider extending its approach to allow foreign exchanges to provide disclosure documents which explain the range of securities available on their markets as well as the differences in market structures and regulation that they offer. Thus, familiarisation activities could be extended to include all foreign securities, including exchange-traded options and other derivative securities.

Overall, we give our support to the Commission for the proposed Rule changes 15a-6 and see the development as very positive. However, we would welcome a more open and less restrictive approach as discussed above and will watch with interest the developments in this area in the coming months.

Yours Sincerely

Lee Betsill  
Managing Director

A handwritten signature in black ink, appearing to read 'Lee Betsill', written over the printed name and title.