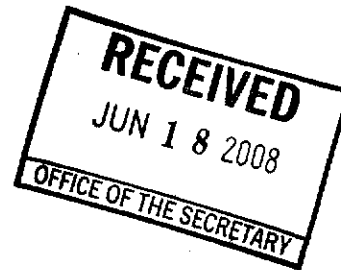




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 CHAIRMAN'S
 CORRESPONDENCE UNIT

June 16, 2008

The Honorable Christopher Cox, Chairman
 The Honorable Paul S. Atkins, Commissioner
 The Honorable Kathleen L. Casey, Commissioner
 U.S. Securities and Exchange Commission (SEC)
 100 F Street, N.E.
 Washington, DC 20549-0213



Re: Reform of SEC Rule 15a-6 and "Mutual Recognition"

Dear Chairman Cox and Commissioners Atkins and Casey,

I am writing to you on behalf of the Regulation Committee of the World Federation of Exchanges (WFE). The WFE is an international association comprised of the operators of the world's leading securities and derivative markets. It is rare for WFE to address itself to any one market's supervisory authority, but this topic and the U.S. Securities and Exchange Commission's work in this field transcends national frontiers.

I would like to highlight an important issue that arises from the SEC's possible modernization of Rule 15a-6, the principal exemption for use by foreign broker-dealers in order to facilitate contacts with persons physically located in the United States.

The SEC's work on mutual recognition has also been of great interest to the members of the Regulation Committee. We understand that through mutual recognition a foreign exchange could transact business in the United States without registering with the SEC by applying for an exemption based on its compliance with substantively comparable foreign securities regulations and supervision by a foreign securities regulator. As noted in WFE's 29th October 2007 letter to IOSCO Technical Committee Chairman Michel Prada, the WFE believes that the SEC's cooperation with foreign regulators to implement mutual recognition is valuable, and that it merits the support of the global exchange and financial services industries.

We understand that the Commission may soon propose significant changes to the regulatory requirements applicable to foreign broker-dealers with respect to their contacts with U.S. institutional investors, including the elimination of chaperoning requirements. The Regulation Committee members would welcome this modernization of Rule 15a-6, which we believe will

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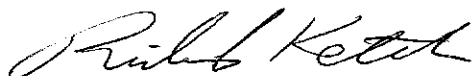
greatly improve the efficiency of wholesale business globally and bring significant benefits to US investors.

We are concerned, however, that the reform of rule 15a-6 without an equivalent liberalization of access to foreign markets will create a regulatory anomaly. As a result of Rule 15a-6 reform, U.S. institutional investors will be able to have direct contact with foreign broker-dealers, offering access to a range of execution venues in foreign countries. But at the same time those institutional investors would remain unable to access such foreign venues through US broker-dealers. To avoid this anomaly, we believe there should be a parallel liberalization of regulation that would permit U.S. institutional investors to have connections to regulated foreign markets through US broker-dealers.

Furthermore, we would note that it will be important to insure that U.S. exchanges are able to respond in a timely fashion to the new competitive environment. The Commission has acknowledged the importance of improving the present notice and comment process required for new rule approvals in the U.S. We strongly support moving forward with this initiative. However, one of the Regulation Committee members believes that such reform needs to take place prior to any exemptive relief regime for exchanges and/or mutual recognition¹, whereas the others are of the opinion that the various reforms may happen concurrently.

We remain very supportive of the SEC's mutual recognition work as a longer-term goal to improve the efficiency of cross-border transactions. In the meantime, we encourage the Commission to consider a balanced combination of liberalized exchange access and Rule 15a-6 modernization, to avoid inadvertently creating competitive imbalances.

Sincerely yours,



Richard Ketchum
Chairman of the WFE Regulation Committee

cc Massimo Capuano, WFE Chairman
 Thomas Krantz, WFE Secretary General
 WFE Board of Directors
 Nancy Morris, Secretary, SEC
 Erik Sirri, Director of Trading and Markets Div, SEC
 Ethiopsis Tafara, Director of the Office of International
 Affairs, SEC

¹ NASDAQ OMX has submitted detailed views to the SEC in a letter dated March 14, 2008.