



DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

December 6, 1999

Jane Kang Thorpe, Esq.
Orrick, Herrington & Sutcliffe
3050 K Street, NW
Washington, DC 20007

Act	Securities Exchange Act of 1934
Section	5, 6, 15(a), 15(b), 17A
Rule	9b-1(d), 15c-6
Public	
Availability	December 6, 1999

Re: ParisBourse SA--Permissible Activities of MONEP Representatives
Located in the New York City and Chicago Offices of Paris Markets,
Inc.

Dear Ms. Thorpe:

In your letter, dated June 24, 1999, on behalf of ParisBourse SA, the French corporation responsible for the management and surveillance of the French equity derivatives market known as MONEP,¹ you request advice that the Division of Market Regulation ("Division") will not recommend enforcement action to the Securities and Exchange Commission ("Commission") against (1) ParisBourse SA, Paris Markets,

¹ Prior to June 1, 1999, MONEP SA was the French corporation responsible for the management and surveillance of MONEP. MONEP SA was a wholly owned subsidiary of the *Societe de Compensation des Bourses Francaises--Paris Bourse* ("SBF"), the Paris equities market, which also cleared all derivatives transactions on MONEP. In addition to MONEP SA, the SBF wholly owned MATIF SA, the entity responsible for the management and surveillance of MATIF, the French futures market, and *La Societe Nouveau Marche* ("SNM"), the entity responsible for the management and surveillance of the *Nouveau Marche* ("NM"), the French market for emerging companies. Prior to June 1, 1999, the four market operators, SBF, MATIF SA, MONEP SA, and SNM collectively had formed the SBF Group. In a reorganization that became effective on June 1, 1999, the SBF Group ceased to exist and SBF, MATIF SA, MONEP SA, and SNM merged to form a single entity, ParisBourse SA. Although the June 1, 1999, reorganization consolidated the management and surveillance of the four French markets, the markets themselves remain as separate operating entities, with distinct rules and memberships. The *Banque Centrale de Compensation*, operating under the commercial name Clearnet SA, now provides the clearing and guarantee functions for all four of the markets operated by ParisBourse SA. Clearnet SA is a wholly owned subsidiary of ParisBourse SA.

Inc. ("Paris Markets"),² or MONEP Members,³ under Section 15 of the Securities Exchange Act of 1934 ("Exchange Act") by reason of their not registering under the Exchange Act as broker-dealers; (2) ParisBourse SA or Clearnet SA under Section 17A of the Exchange Act, by reason of their not registering under the Exchange Act as a clearing agency; and (3) ParisBourse SA or Paris Markets under Section 5 of the Exchange Act, by reason of their not registering under the Exchange Act as a securities exchange, if certain MONEP officers located in the New York City and Chicago offices of Paris Markets act for MONEP as representatives in the United States, as described below, to familiarize certain registered broker-dealers and large financial institutions in the United States with the MONEP and with the Dow Jones STOXX 50 ("STOXX 50") Index options, Dow Jones EURO STOXX 50 ("EURO STOXX 50") Index options, CAC-40 Index options, and equity options traded on MONEP (collectively, "MONEP Options").

The Division has issued two no-action letters⁴ permitting MONEP SA⁵ and MONEP Members to undertake certain activities to familiarize Eligible Broker-Dealers and Eligible Institutions (as defined in the MONEP No-Action letters and as discussed more fully below) with MONEP Options. Among other things, the MONEP No-Action Letters permit employees of MONEP, who are located in Paris, to undertake the activities described in the MONEP No-Action Letters to familiarize Eligible Broker-Dealers and Eligible Institutions with MONEP Options. Your proposal would permit MONEP's employees to additionally be located in the New York City and Chicago offices of ParisBourse SA's subsidiary, Paris Markets. This no-action relief is

² Paris Markets, which operates under the commercial name ParisBourse U.S., is the U.S. representative of ParisBourse SA. Prior to June 1, 1999, Paris Markets was a subsidiary of the SBF Group. Currently, ParisBourse SA owns 95% of Paris Markets, and Sicovam SA, the French central depository, owns 5% of Paris Markets. See Letter from Jane Kang Thorpe, Orrick, Herrington & Sutcliffe, to Sharon Lawson and Yvonne Fraticelli, dated September 7, 1999 ("September 7 Letter"); and telephone conversation between Jane Kang Thorpe, Orrick, Herrington & Sutcliffe, and Yvonne Fraticelli, Special Counsel, Division, Commission, on October 5, 1999.

³ A person may become a MONEP Member by executing an agreement with ParisBourse SA whereby such person agrees to comply with the rules and regulations of MONEP established by ParisBourse SA.

⁴ See Letter from Robert L.D. Colby, Deputy Director, Division, Commission, to Jane Kang Thorpe, Orrick, Herrington & Sutcliffe, dated October 26, 1998 (permissible activities involving STOXX 50 Index options and EURO STOXX 50 Index options traded on MONEP) ("October 1998 No-Action Letter"); and Letter from Robert L.D. Colby, Deputy Director, Division, Commission, to Richard Truesdell, Jr., Davis Polk & Wardwell, dated June 17, 1996 (permissible activities involving equity options and CAC-40 Index options traded on MONEP) ("June 1996 No-Action Letter," and, with the October 1998 No-Action Letter, the "MONEP No-Action Letters").

⁵ As noted above, MONEP SA was the entity responsible for the management and surveillance of MONEP prior to June 1, 1999.

necessary because the provisions of the MONEP No-Action Letters relating to MONEP's employees specifically apply only to those employees of MONEP who are physically located in Paris.

You currently request no-action relief to permit MONEP employees to be located in the New York City and Chicago offices of Paris Markets. You note that all other terms and conditions of the MONEP No-Action Letters, including the undertakings of MONEP SA (now ParisBourse SA), in respect of the MONEP No-Action Letters, will remain in effect. In addition, you note that the regulatory, market, and clearing requirements and protections described in the MONEP No-Action Letters have not changed.

In connection with the October 1998 No-Action Letter, MONEP SA represented, among other things, that it would ensure that STOXX 50 and EURO STOXX 50 Index options would not be accessible from GLOBEX⁶ or similar successor terminals located in the U.S. absent express approval from the Commission. ParisBourse SA now represents that it does not provide direct electronic access to MONEP Options to persons located in the United States through GLOBEX II, the successor to GLOBEX, or any other means. Moreover, ParisBourse SA represents that neither ParisBourse SA nor Paris Markets will provide direct electronic access to MONEP Options to persons located in the United States through GLOBEX II or any other means absent express approval from the Commission.⁷

In addition, you have noted that the Division has granted no-action relief similar to the relief you request.⁸ In this regard, the LIFFE No-Action Letters permit LIFFE representatives to be located in New York City. Under the LIFFE No-Action Letters, LIFFE representatives are limited to the same activities with regard to equity and index

⁶ The GLOBEX agreement among MATIF, MONEP, and the Chicago Mercantile Exchange ("CME") allowed members of each exchange to access the products of the other exchanges, including CAC-40 Index futures, through the CME's GLOBEX terminals. Since October 1998, GLOBEX II has replaced GLOBEX. The GLOBEX II agreement allows members of the CME, MATIF, and MONEP to access the products of the other exchanges, including several financial futures contracts, through GLOBEX II terminals. In addition, MATIF and MONEP members located in the United States may access futures contracts, including CAC-40 Index futures, through ParisBourse SA's *Nouveau Systeme de Cotation* ("NSC") terminals.

⁷ See September 7 Letter, *supra* note 2 and telephone conversation between Jane Kang Thorpe, Orrick, Herrington & Sutcliffe, and Yvonne Fraticelli, Special Counsel, Division, Commission, on November 30, 1999 ("November 30 Conversation").

⁸ See Letter from Robert L.D. Colby, Deputy Director, Division, Commission, to Nancy Jacklin, Clifford Chance, dated March 6, 1996 (permissible activities involving FT-SE 100 Index FLEX options traded on the London International Financial Futures Exchange ("LIFFE")); and Letter from William H. Heyman, Director, Division, Commission, to Gary Lynch, Davis Polk & Wardwell, dated May 1, 1992 (permissible activities involving standardize equity and index options traded on the LIFFE) (together, the "LIFFE No-Action Letters").

options traded on the LIFFE that MONEP Representatives may perform with regard to MONEP Options.

All of the terms and conditions of the MONEP No-Action Letters relating to representatives for MONEP located in Paris will apply to representatives for MONEP who are also located in the New York City and Chicago offices of Paris Markets. Accordingly, under the terms of the MONEP No-Action Letters, which continue to apply, and as modified by this no-action letter, all MONEP representatives located in Paris and in the New York City and Chicago offices of Paris Markets ("MONEP Representatives") will be available to respond to inquiries concerning MONEP from Eligible Broker-Dealers and Eligible Institutions.⁹ MONEP Representatives may make personal calls on, and correspond or otherwise communicate with, entities that such representatives reasonably believe to be Eligible Broker-Dealers and Eligible Institutions to familiarize them with the existence and operations of MONEP. MONEP Representatives will provide any Eligible Broker-Dealer or Eligible Institution with the Updated MONEP Disclosure Document and the Supplement to the Updated MONEP Disclosure Document (as defined below)¹⁰ upon the Eligible Broker-Dealer's or

⁹ The MONEP No-Action Letters provide that, to be Eligible, a broker-dealer or institution must meet the following standards: (1) it must be a "qualified institutional buyer" as defined in Rule 144A(a)(1) under the Securities Act of 1933 ("Rule 144A" and the "Securities Act," respectively), or an international organization excluded from the definition of "U.S. person" in Rule 902(k)(2)(vi) of Regulation S under the Securities Act, and (2) it must have had prior actual experience with traded options in the United States options market (and, therefore, would have received the disclosure document for U.S. standardized options called for by Exchange Act Rule 9b-1). Under the terms of the MONEP No-Action Letters, which continue to apply, MONEP SA must require MONEP Members to take reasonable steps to assure themselves, before effecting any transaction in MONEP Options for or with a customer located in the United States, that: (1) the customer is an Eligible Broker-Dealer or an Eligible Institution; (2) the customer is acting for its own account or the account of another Eligible Broker-Dealer or Eligible Institution or the managed account of a non-U.S. person (within the meaning of Rule 902(k)(2)(vi) of Regulation S under the Securities Act); and (3) the customer has received the Updated MONEP Disclosure Document and the rider described below. In accordance with the terms of the MONEP No-Action Letters, MONEP SA has advised MONEP Members, and ParisBourse SA will continue to advise MONEP Members, that it has been advised that, under U.S. law, MONEP Members that are not U.S. registered broker-dealers may deal with Eligible Institutions only in accordance with Exchange Act Rule 15a-6, principally through U.S. registered broker-dealers as provided in such Rule.

¹⁰ As discussed in greater detail in the October 1998 No-Action Letter, MONEP SA submitted an Updated MONEP Disclosure Document to the Division for review in connection with MONEP SA's 1998 no-action request. The Updated MONEP Disclosure Document provides an overview of MONEP, information concerning the market and regulatory structure in France, and information concerning MONEP Options, with attention to significant differences from standardized options in the U.S. domestic options market. The Updated MONEP Disclosure Document modified and updated the original MONEP disclosure document submitted to the Division for review in connection with the 1996 no-action request by the *Societe des Marches Conditionnels* (the predecessor of MONEP SA). Under the terms of the MONEP No-Action Letters, which continue to apply, MONEP SA must provide the Division with a copy of any amendment made to the Updated MONEP Disclosure Document at least 30 days prior to the

Eligible Institution's first visit, communication or inquiry.¹¹ MONEP Representatives will maintain a reasonable supply of the Updated MONEP Disclosure Document and Supplement, and of the most recently published annual reports of ParisBourse SA, to respond to requests therefor from Eligible Broker-Dealers and Eligible Institutions. MONEP Representatives also may participate in programs and seminars in the United States. MONEP Representatives are prohibited from: (1) giving investment advice and making any recommendations with respect to specific MONEP Options to Eligible Broker-Dealers or Eligible Institutions; (2) soliciting, taking, or directing orders from Eligible Broker-Dealers or Eligible Institutions; and (3) recommending or referring particular MONEP Members to Eligible Broker-Dealers or Eligible Institutions. If requested by an Eligible Broker-Dealer or Eligible Institution, MONEP Representatives may make available to the requester a list of all MONEP Members and any registered U.S. broker-dealer affiliates of such MONEP Members.

You also ask the Division to confirm that it will not recommend enforcement action to the Commission against ParisBourse SA, Paris Markets, or MONEP Members if, solely in connection with the satisfaction of the obligation under Exchange Act Rule 9b-1(d) and under the limited circumstances set forth in the MONEP No-Action Letters, as modified by this letter, (1) a MONEP Representative, including a MONEP Representative located in the New York City or Chicago office of Paris Markets, a MONEP Member, or an Eligible Broker-Dealer provides the Updated MONEP Disclosure Document and Supplement to an Eligible Broker-Dealer and the MONEP Member effects transactions in MONEP Options with or for that Eligible Broker-Dealer pursuant to Exchange Act Rule 15a-6(a)(4); or (2) a MONEP Representative, including one located in the New York City or Chicago office of Paris Markets, furnishes an Updated MONEP Disclosure Document and Supplement to an Eligible Institution in response to an otherwise unsolicited inquiry concerning MONEP Options, and the MONEP Member effects a transaction in the MONEP Options with or for that Eligible Institution pursuant to Exchange Act Rule 15a-6(a)(1). Finally, you ask the Division to confirm that the Division will not recommend enforcement action to the Commission pursuant to Rule 9b-1 under the Exchange Act against an Eligible Broker-Dealer, MONEP Member, or MONEP Representative, including a MONEP Representative located in the New York City or Chicago office of Paris Markets, if

date definitive copies are furnished to Eligible Broker-Dealers or Eligible Institutions. To satisfy this requirement, you have submitted to the Division a copy of a supplement to the Updated MONEP Disclosure Document (the "Supplement") describing the reorganization of the SBF Group that became effective on June 1, 1999. The Supplement will be attached to each Updated MONEP Disclosure Document that a MONEP Member, MONEP Representative, or Eligible Broker-Dealer distributes after the effective date of the Supplement. In addition, copies of the Supplement will be distributed to entities that received the original MONEP disclosure document or the Updated MONEP Disclosure Document.

¹¹ If the first communication is by telephone, the Updated MONEP Disclosure Document and Supplement will be provided within one business day of the communication.

they furnish the Updated MONEP Disclosure Document and Supplement to an Eligible Broker-Dealer or Eligible Institution before they effect a transaction in a MONEP Option, subject to the conditions set forth in the MONEP No-Action Letters.

Response:

Based on the facts and representations set forth above, and in the MONEP No-Action Letters, the Division will not recommend enforcement action to the Commission against ParisBourse SA, Paris Markets, or MONEP Members,¹² under Section 15(a) of the Exchange Act if MONEP Representatives located in the New York City and Chicago offices of Paris Markets act as described in this letter and in the MONEP No-Action Letters to familiarize Eligible Broker-Dealers and Eligible Institutions in the United States with MONEP Options without ParisBourse SA, MONEP Members, or Paris Markets registering with the Commission as broker-dealers under Section 15(b) of the Exchange Act. Also, the Division will not recommend enforcement action to the Commission against ParisBourse SA or MONEP Members¹³ under Section 15(a) of the Exchange Act if, solely in connection with the satisfaction of obligations under Exchange Act Rule 9b-1(d) and under the limited circumstances set forth in the MONEP No-Action Letters, (1) a MONEP Representative, including a MONEP Representative located in the New York City or Chicago office of Paris Markets, MONEP Member, or Eligible Broker-Dealer provides the Updated MONEP Disclosure Document and Supplement to an Eligible Broker-Dealer pursuant to Exchange Act Rule 15a-6(a)(4), or (2) a MONEP Representative, including a MONEP Representative located in the New York City or Chicago office of Paris Markets furnishes an Updated MONEP Disclosure Document and Supplement to an Eligible Institution, or a MONEP Member furnishes an Updated MONEP Disclosure Document and Supplement to an Eligible Institution in response to an otherwise unsolicited inquiry concerning MONEP Options, and the MONEP Member effects transactions in MONEP Options with or for that Eligible Institution pursuant to Exchange Act Rule 15a-6(a)(1). MONEP Members will be advised by ParisBourse SA that, under U.S. law, MONEP Members who are not U.S. registered broker-dealers may deal with Eligible Institutions only in accordance with Rule 15a-6 under the Exchange Act, principally through U.S. registered broker-dealers as provided in Exchange Act Rule 15a-6.¹⁴

The Division also will not recommend that the Commission take enforcement action against either ParisBourse SA or Clearnet SA under Section 17A of the Exchange Act if MONEP's Representatives in the New York City and Chicago offices

¹² The no-action relief granted herein with regard to MONEP Members applies solely to MONEP Members who are foreign broker-dealers, as that term is defined in Rule 15a-6 under the Exchange Act.

¹³ Id.

¹⁴ See November 30 Conversation, supra note 7.

of Paris Markets operate in the manner described in the MONEP No-Action Letters, as modified herein, for MONEP Options without registering with the Commission as a clearing agency. In addition, the Division will not recommend that the Commission take enforcement action against ParisBourse SA under Section 5 of the Exchange Act if MONEP operates solely in the manner described in the MONEP No-Action Letters, as modified herein, with respect to MONEP Options without registering with the Commission as a national securities exchange under Section 6 of the Exchange Act.

As noted above,¹⁵ and as discussed in the October 1998 No-Action Letter, the Division reviewed the Updated MONEP Disclosure Document in connection with MONEP SA's 1998 no-action request. In addition, the Division has reviewed the Supplement describing the reorganization of the SBF Group that became effective on June 1, 1999. Based on our review of the Updated MONEP Disclosure Document and the Supplement, the Division wishes to advise you that it will not recommend that the Commission take enforcement action against an Eligible Broker-Dealer, MONEP Member, or MONEP Representative, including a MONEP Representative located in the New York City or Chicago office of Paris Markets, pursuant to Exchange Act Rule 9b-1(d) if the Eligible Broker-Dealer, MONEP Representative or MONEP Member furnishes the Updated MONEP Disclosure Document and Supplement to an Eligible Broker-Dealer or Eligible Institution before the Eligible Broker-Dealer or Eligible Institution effects a transaction in MONEP Options, subject to the following conditions:

- (1) the Eligible Broker-Dealer or Eligible Institution previously has received the options disclosure document entitled "Characteristics and Risks of Standardized Options," ("Options Disclosure Document" or "ODD") that is prepared by the Options Clearing Corporation and the U.S. options exchanges;
- (2) MONEP SA requires that MONEP Members, before effecting a transaction with or for an Eligible Broker-Dealer or Eligible Institution in MONEP Options, determine, as described in the MONEP No-Action Letters, and as modified herein, that the Eligible Broker-Dealer or Eligible Institution has received the ODD and the Updated MONEP Disclosure Document and Supplement and maintains a record of that determination; and
- (3) MONEP SA furnishes the Division, at least 30 days prior to the date definitive copies are furnished to Eligible Broker-Dealers or Eligible Institutions, with a copy of any amendment made to the Updated MONEP Disclosure Document or Supplement because the information contained in either of the documents becomes or will become materially inaccurate or incomplete, or because there is or will be an omission of material information necessary to ensure that the document is not misleading.

¹⁵ See note 10, *supra*.

These positions of the Division concern enforcement action only and do not represent conclusions on the applicability of statutory or regulatory provisions of the federal securities laws. The Division has taken these positions based, in part, on the fact that the Commission has entered into a Memorandum of Understanding with the *Commission des Operations de Bourse* regarding the sharing of investigative information,¹⁶ and that foreign broker-dealers, including MONEP Members, electing to deal with U.S. institutional investors pursuant to Exchange Act Rule 15a-6(a)(3) are required to provide directly to the Commission, upon request, information, documents, testimony, and assistance in taking evidence of persons that relate to transactions pursuant to Exchange Act Rule 15a-6(a)(3). Moreover, these positions are based on the understanding that under French law only members authorized by the competent French authority may have direct access to a market "recognized" under French law, such as MONEP, and, therefore, only MONEP Members may have direct access to MONEP. Finally, these positions are based on your representation that ParisBourse SA currently does not provide direct electronic access for MONEP Options trading to persons located in the United States through GLOBEX II or any other means, and that neither ParisBourse SA nor Paris Markets will provide direct electronic access to MONEP Options to persons located in the United States absent express approval from the Commission.¹⁷

The positions of the Division in this letter are based on the representations that you have made; any different facts or conditions might require a different response, and these positions are subject to modification or revocation if the facts and representations set forth above are altered.

Sincerely,



Robert L.D. Colby
Deputy Director

¹⁶ Understanding Regarding the Establishment of a Framework for Consultations Between the Securities and Exchange Commission and the *Commission des Operations de Bourse* (December 14, 1989).

¹⁷ See September 7 Letter, *supra* note 2, and November 30 Conversation, *supra* note 7.

**ORRICK, HERRINGTON
& SUTCLIFFE LLP**

June 24, 1999

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Exchange Act: Sections 6, 15 and 17

Mr. Robert L.D. Colby
Deputy Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

JUN 28 1999

DIVISION OF MARKET REGULATION

Re: ParisBourse SA – Options on Dow Jones STOXX® 50 and Dow Jones
EURO STOXX® 50

Dear Mr. Colby:

By letter dated October 26, 1998,¹ the Division of Market Regulation (“Division”) of the Securities and Exchange Commission (“Commission”) issued a no action letter to MONEP SA,² the French corporation responsible for the management and surveillance of the French equity derivatives market MONEP, that it will not recommend enforcement action to the Commission against: (1) MONEP SA or any officer, director or member thereof under Section 6 of the Securities Exchange Act of 1934 (“Exchange Act”) by reason of MONEP not registering under the Exchange Act as a securities exchange; (2) MONEP SA or MONEP Members under Section 15 of the Exchange Act by reason of their not registering under the Exchange Act as broker dealers; and (3) against MONEP SA or SBF under Section 17A of the Exchange Act by reason of their not registering under the Exchange Act as a clearing agency, if MONEP SA and MONEP Members act to familiarize certain registered broker dealers and large financial institutions in the US with the MONEP and with option contracts on the Dow Jones STOXX®

¹ Hereinafter, the “October 26, 1998 No Action Letter.”

² MONEP SA had been a wholly owned subsidiary of Societe des Bourses Francaises – Paris Bourse (“SBF”), the Paris equities market, which also cleared all equity derivatives transactions on MONEP. SBF also wholly owned MATIF SA, the entity responsible for the management and surveillance of the French futures market, MATIF, and La Societe Nouveau Marche (“SNM”), the entity responsible for the management and surveillance of the French market for emerging companies, Nouveau Marche (“NM”). Collectively, these four market operators had formed the SBF Group. With effect from June 1, 1999, the operations of these four market operators, SBF, MATIF SA, MONEP SA and SNM merged to form a single entity, ParisBourse SA. See enclosed Press Release of ParisBourse SA.

Mr. Robert L.D. Colby
Securities and Exchange
Commission
June 24, 1999
Page 2

50 and the Dow Jones EURO STOXX® 50 indexes ("STOXX Option Contracts"). On June 17, 1996, the Division issued a no-action letter granting substantially similar relief in connection with equity options and CAC-40 Index options traded on the MONEP ("June 17, 1996 No Action Letter").³

Among the terms and conditions set forth in the June 17, 1996 and October 26, 1998 No Action Letters (hereinafter, the "No Action Letters") are certain permissible activities by MONEP Representatives⁴ who, pursuant to the terms of the No Action Letters, are located in Paris. The purpose of this letter is to seek confirmation that for the purposes of, and subject to compliance with the terms and conditions of, the No Action Letters, that the MONEP Representatives referenced therein may also be located in the New York City and Chicago offices of the SBF Group's subsidiary and US Representative, Paris Market, Inc.⁵

As noted herein, SBF Group reorganized effective June 1, 1999 resulting in the merger of SBF, MONEP SA, MATIF SA and SNM to form ParisBourse SA. In addition, a new subsidiary of ParisBourse SA, Clearnet SA, provides the clearing and guarantee functions for all markets operated by ParisBourse SA, including MONEP. While the merger has consolidated the management and surveillance of the markets SBF, MONEP, MATIF and NM remain separate markets with distinct rules and memberships. Consequently the regulatory, market and clearing requirements and protections described in the Division's October 26, 1998 No Action Letter have not changed. Except as described herein, in all other respects, the terms and conditions of the No Action Letters, including the undertaking of MONEP SA, now ParisBourse SA, in respect of those letters, remain in effect.

Based on the foregoing, and subject to compliance in all other respects with the terms and conditions of the No Action Letters, on behalf of ParisBourse SA, we seek

³ For purposes of this letter, the STOXX Option Contracts, the CAC-40 Index options and MONEP equity options are referred to collectively as "MONEP Option Contracts."

⁴ These are officers appointed by MONEP SA, now ParisBourse SA, who are permitted to engage in the activities specified in the No Action Letters.

⁵ Consistent with the reorganization described herein, Paris Markets Inc. will soon change its name to ParisBourse Inc.

Mr. Robert L.D. Colby
Securities and Exchange
Commission
June 24, 1999
Page 3

confirmation that the Division will not recommend enforcement action to the Commission against:

1. ParisBourse SA, Paris Markets, Inc. or MONEP Members under Section 15(a) of the Exchange Act if:
 - a. They act as described in the No Action Letters as modified herein to familiarize Eligible Broker-Dealers and Eligible Institutions in the US with the MONEP Option Contracts without registering with the Commission as broker-dealers under Section 15(b) of the Exchange Act;
 - b. Solely in connection with the satisfaction of obligations under Exchange Act Rule 9b-1(d) and under the limited circumstances set forth in the No Action Letters, as modified herein, (i) a MONEP Representative, including one located in a US office of Paris Markets, Inc., MONEP Member or Eligible Broker-Dealer provides the Updated MONEP Disclosure Document to an Eligible Broker-Dealer and the MONEP Member effects transactions in the MONEP Option Contracts with or for that Eligible Broker-Dealer pursuant to Rule 15a-6(a)(4) under the Exchange Act, or (ii) a MONEP Representative, including one located in an office of Paris Markets, Inc., furnishes an Updated MONEP Disclosure Document to an Eligible Institution, or a MONEP Member furnishes an Updated MONEP Disclosure Document to an Eligible Institution in response to an otherwise unsolicited inquiry concerning the MONEP Option Contracts, and the MONEP Member effects transactions in the MONEP Option Contracts with or for that Eligible Institution pursuant to Rule 15a-6(a)(1) under the Exchange Act,
2. ParisBourse SA or Clearnet SA under Section 17A of the Exchange Act if they operate solely in the manner described in the No Action Letters, as modified herein, with respect to the MONEP Option Contracts without registering with the Commission as a Clearing Agency,
3. ParisBourse SA or Paris Markets, Inc. under Section 5 of the Exchange Act if MONEP and Paris Markets, Inc. operate solely as described in the No Action Letters, as modified herein, with respect to the MONEP Option Contracts without

Mr. Robert L.D. Colby
Securities and Exchange
Commission
June 24, 1999
Page 4

registering with the Commission as a national securities exchange under Section 6 of the Exchange Act, and

4. Eligible Broker-Dealer, MONEP Representative, including one located in a US office of Paris Markets, Inc. or MONEP Member pursuant to Rule 9b-1(d) under the Exchange Act if they furnish the Updated MONEP Disclosure Document to an Eligible Broker-Dealer or Eligible Institution before they effect a transaction in a MONEP Option Contract, subject to the additional conditions specified in the No Action Letters.

We very much appreciate your prompt consideration of this matter. If you have any questions concerning this matter, please do not hesitate to contact me at (202) 339-8494.

Very truly yours,



Jane Kang Thorpe

enclosure

cc: Patrick Stephan, SBF
Catherine Langlais, SBF
Yvonne Fraticelli, SEC

- PRESS RELEASE -



SBF Group restructures, specializing to meet international competition even more effectively

Paris, June 1, 1999- Starting June 1, the SBF Group will become ParisBourse^{SBF} SA, a company bringing together all market activities. ParisBourse^{SBF} SA will have two specialized subsidiaries — Cleamnet^{SBF} SA for clearing and guarantee operations, and Euronext^{SBF} SA for technology.

The Extraordinary General Meeting of SBF Group shareholders on May 27, 1999 voted to restructure the SBF-Paris Bourse group with effect from June 1.

Since January 1, 1998, the SBF Group has brought France's four market operators and three clearing entities under a single roof. The market operators are SBF, Matif S.A., Monep S.A. and La Société du Nouveau Marché, while the clearing bodies are SBF, Matif S.A. and the Banque Centrale de Compensation (BCC), the latter handling OTC transactions.

To make the most of existing synergies while benefiting from the flexibility and expertise of a structure specialized by business line and open to international alliances, the Extraordinary General Meeting approved:

J..

1. The merger of SBF, Matif S.A., Monep S.A. and Société du Nouveau Marché into a single market operator, to be called ParisBourse^{SBF} SA.

With shareholders' funds of FF2 billion, ParisBourse^{SBF} SA brings together all trading in equities (Premier, Second and Nouveau Marché), derivative products and commodities. Each market will maintain its own regulations, identity and membership structures, with centers of responsibility and business development established for each. All group personnel will be employees of ParisBourse^{SBF} SA, and subject to the same collective labor agreement.

2. ParisBourse^{SBF} SA will spin off all clearing activities, for both regulated markets and OTC transactions, to Banque Centrale de Compensation, a company trading under the name Clearnet^{SBF} SA, with capital of FF800 million. Building on the expertise in clearing and risk management available in Paris, Clearnet^{SBF} SA's aim is to become the core of a pan-European clearing body that will be the equivalent of the NSCC/GSCC in the United States.

3. At the same time, ParisBourse^{SBF} SA technology and software engineering expertise will be grouped within Euronext^{SBF} SA, bringing together all IT development teams. Euronext^{SBF} SA is already a leading designer of stockmarket trading and clearing systems, with 40% of its revenues generated by the sale of software to some fifteen stockmarkets around the world, including four of the top ten equity markets and three of the five leading derivatives markets. Euronext^{SBF} SA will continue to grow while maintaining its expertise at ParisBourse^{SBF} S.A. for which it will centralize and manage all facilities management contracts.

Press Contact:

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**ORRICK, HERRINGTON
& SUTCLIFFE LLP**

July 14, 1999

e-mail
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Direct Dial
202-339-8494

Commodity Exchange Act Sections 2(a)(1)(B), 4(a) and
12(e)

Mr. Daniel Waldman
General Counsel
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, DC 20851

Re: No-Action Request to Permit Offer and Sale in the
US of Futures Contracts on the Dow Jones
STOXX® 50 and Dow Jones EURO STOXX® 50
Traded on the MONEP ("STOXX Request")

Dear Mr. Waldman:

As discussed in our meeting on July 12, 1999 with Pascal Samaran and Catherine Langlais of PARISBOURSE^{SBF} SA ("PARISBOURSE") concerning the above-referenced STOXX Request filed by MONEP SA on June 5, 1998, the purpose of this letter is to advise you of the reorganization on June 1, 1999 of the SBF Group.

MONEP SA had been a wholly owned subsidiary of Societe des Bourses Francaises - Paris Bourse ("SBF"), the Paris equities market, which also cleared all equity derivatives transactions on MONEP. SBF also wholly owned MATIF SA, the entity responsible for the management and surveillance of the French futures market, MATIF, and La Société du Nouveau Marché ("SNM"), the entity responsible for the management and surveillance of the French market for emerging companies, Nouveau Marché ("NM"). Collectively, these four market operators had formed the SBF Group. With effect from June 1, 1999, the operations of these four market operators, SBF, MATIF SA, MONEP SA and SNM merged to form a single entity, PARISBOURSE. See enclosed Press Release of PARISBOURSE.

In addition, a new subsidiary of PARISBOURSE, Banque Centrale de Compensation, under its commercial name Clearnet SA, provides the clearing and guarantee functions for all markets operated by ParisBourse SA, including MONEP. Another subsidiary, SBF Technologies, under its commercial name EURONEXT, is in charge of the electronic systems.

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**ERRICK, HERRINGTON
& SUTCLIFFE LLP**

Daniel Waldman
General Counsel
July 14, 1999
Page 2

While the merger has consolidated the management and surveillance of the markets SBF, MONEP, MATIF and NM remain separate markets with distinct rules and memberships. Consequently the regulatory, market and clearing requirements and protections described in the June 5, 1998 STOXX Request have not changed.

If you have any questions concerning this matter, please do not hesitate to contact me at (202) 339-8494.

Very truly yours,


Jane Kang Thorpe

enclosure

cc: Catherine Langlais, PARISBOURSE SA
Harold Hardman, CFTC
Sharon Lawson, SEC
Yvonne Fraticelli, SEC

**ORRICK, HERRINGTON
& SUTCLIFFE LLP**

September 3, 1999

Exchange Act: Sections 6, 15 and 17

Mr. Robert L.D. Colby
Deputy Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: Addendum to MONEP Disclosure Document

Dear Mr. Colby:

As discussed with Yvonne Fraticelli, on behalf of PARISBOURSE^{SBF} SA, I am pleased to enclose the ADDENDUM TO THE MONEP DISCLOSURE STATEMENT that updates the disclosure statement that was the subject of the Division of Market Regulation's October 26, 1998 no-action letter on options on Dow Jones STOXX® 50 and Dow Jones EURO STOXX® 50.

We very much appreciate your prompt consideration of this matter.

Sincerely,


Jane Kang Thorpe

enclosure

cc: Catherine Langlais, SBF
Isabelle Massonnat, SBF
Sharon Lawson, SEC
Yvonne Fraticelli, SEC

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September 1999

ADDENDUM TO THE MONEP DISCLOSURE DOCUMENT

With effect from June 1st 1999, Monep SA, the MONEP market operator, has merged with its parent company the Societe des Bourses Francaises (SBF) (operating the French equities market) and with the two other French market operators, Matif SA (for the futures market MATIF) and SNM (for the Nouveau Marche (NM), market for emerging companies), to form a single entity to be called « PARISBOURSE^{SBF} SA ».

At the same time, PARISBOURSE^{SBF} SA has transferred the clearing and guarantee activities for all markets operated by PARISBOURSE^{SBF} SA (including the MONEP) to its subsidiary « BANQUE CENTRALE DE COMPENSATION », operating under the name « CLEARNET^{SBF} SA ».

While the merger has consolidated the management and surveillance of the markets SBF, MONEP, MATIF and NM, each of those markets remains separate and maintains its own regulations, identity and membership structure.

Consequently, the regulatory and market provisions concerning the MONEP described in this DISCLOSURE DOCUMENT have not changed, apart from the fact that « Monep SA » is now known as « PARISBOURSE^{SBF} SA » (keeping the same address).

Furthermore, while the legal entity responsible for the clearance and settlement of transactions on MONEP has changed from SBF to CLEARNET^{SBF} SA, the clearing and guarantee requirements and protections described in this DISCLOSURE DOCUMENT remain the same. Thus, CLEARNET^{SBF} SA, as a credit institution, is now the clearing house for the MONEP, performing the technical settlement and clearing functions, and being the guarantor of all trades registered on the MONEP and cleared between MONEP clearing members (cf. Disclosure Document : Paragraph 1.3/ Section 2, Introduction/ Section 8).