

(b) As to matters subject to rule 30.10, will become effective the later of thirty days after publication of this Order in the **Federal Register** or the filing of consents by members of the Exchange and the Exchange to the terms and conditions of the Order herein.

In particular, pursuant to Commission rule 30.3(a), the Commission authorizes the offer and sale in the United States of options traded on the Exchange subject to the conditions described below:

(1) Except as otherwise permitted under the Commodity Exchange Act and regulations thereunder, that no offer or sale of any MEFF Renta Fija option product in the United States shall be made until thirty days after publication in the **Federal Register** of notice specifying the particular option(s) to be offered or sold pursuant to this Order, unless prior to that date the Commission receives any comments which may result in the determination to delay the effective date of the Order pending review of such comments (under such circumstances, the Commission will provide notice);

(2) That the CNMV and MEFF Renta Fija represent that all transactions with respect to the option(s) referenced in such **Federal Register** notice will be governed by the Securities Market Act ("SMA"), Royal Decree 1814 ("R.D. 1814"), Royal Decree 629 ("R.D. 629") and related statutes and MEFF Renta Fija rules as more particularly discussed in the Staff Memorandum and that the CNMV and/or MEFF Renta Fija will provide the Commission with information as to all material changes thereto promptly;

(3) That options on futures on stock indices<sup>11</sup> and options on futures on foreign government debt securities<sup>12</sup> will not be permitted to be offered or sold hereunder absent certain additional procedures;

(4) That options traded pursuant to this Order may only be offset on the MEFF Renta Fija or another market with respect to which the Commission has issued an order under Commission rule 30.3(a) authorizing its option products to be offered or sold in the United States; and

(5) That options traded pursuant to this Order herein may only be offered or sold by persons registered in the appropriate capacity under the Act or by persons who have been granted an exemption from registration under rule 30.10 based on substituted compliance with the terms of that exemption order and relevant laws of the jurisdiction, provided such persons also provide customers resident in the United States with the options risk disclosure statement in Commission rule 33.7, 17 CFR 33.7, or the generic risk disclosure statement approved by the Commission pursuant to Commission rule 1.55(c).<sup>13</sup>

<sup>11</sup> See 52 FR 28980, 28982 n. 6 and section 2a(1) of the CEA.

<sup>12</sup> See section 2a(1) of the CEA, section 3(a)(12) of the Securities Exchange Act of 1934 and Rule 3a12-8 promulgated thereunder. As previously noted, Spanish government debt obligations have been designated as "exempted securities" by the SEC.

<sup>13</sup> 59 FR 34376, 34379 (July 5, 1994).

Furthermore, subject to the conditions set forth below, the Commission concludes that the standards for relief set forth in Commission rule 30.10 and, in particular, Appendix A thereof, have generally been satisfied and that compliance with the SMA, R.D. 1814, R.D. 629 and MEFF Renta Fija and CNMV rules may be substituted for compliance with certain sections of the Act as more particularly set forth herein. By this Order, the Commission hereby exempts, subject to specified conditions, those firms identified to the Commission as eligible for the rule 30.10 relief granted herein from:

(1) Registration with the Commission;

(2) Certain sections of Part 1 of the Commission's rules relating to financial regulations and books and records that apply to foreign futures and options sold in the United States as set forth in Part 30;

based upon substituted compliance by such persons with the applicable statutes and relevant Exchange and other rules in effect in Spain.

This determination to permit substituted compliance is based on, among other things, the Commission's finding that the regulatory scheme governing the persons trading on the Exchange who would be exempted hereunder provides:

(1) A system of qualification or licensing of firms and persons who deal in transactions subject to regulation under Part 30 that includes, for example, criteria and procedures for granting, monitoring, suspending and revoking licenses, and provisions for requiring and obtaining access to information about licensees;

(2) Financial requirements for licensees;

(3) A system for the protection of customer funds that applies to all customers and which requires the separate accounting for such funds, augmented by funds designed to compensate customers who have suffered a loss as a result of fraud or insolvency or other failure of an Exchange member;

(4) Recordkeeping and reporting requirements pertaining to financial and trade information including, without limitation, order tickets, trade confirmations, customer account statements, customers' deposit records, and accounting records for customer and proprietary trades;

(5) Sales practice standards for licensees which include, for example, required disclosures to prospective customers and prohibitions on (a) certain representations, (b) conflicts of interest, and (c) improper trading activities;

(6) Procedures to audit for compliance with, and to redress violations of, customer protection and sales practice requirements including, without limitation, a surveillance program and the existence of broad powers to conduct investigations and to impose sanctions; and

(7) Mechanisms for sharing information between the Exchange and the CNMV and the Commission on an "as needed" basis

including, without limitation, confirmation data, data necessary to trace funds, position data, data on firms' standing to do business and financial condition, and mechanisms for cooperating with the Commission in inquiries, compliance matters, investigations and enforcement proceedings.<sup>14</sup>

This Order does not provide an exemption from any provision of the Act or regulations thereunder not specified herein, for example, without limitation, the antifraud provision in Commission rule 30.9, 17 CFR 30.9, or the disclosure provisions of Commission rules 1.55, 30.6 and 33.7, 17 CFR 1.55, 30.6 and 33.7, including the requirements of rule 1.55(f), 30.6(e) and 33.7(f).<sup>15</sup> Moreover, the relief granted is limited to brokerage activities undertaken on behalf of customers in the United States with respect to transactions on or subject to the rules of MEFF Renta Fija, and which U.S. customers may trade.

The relief does not extend to rules or regulations relating to trading, directly or indirectly, on United States exchanges. For example, such a firm trading in United States markets for its own account would be subject to the Commission's large trader reporting requirements. See, e.g., 17 CFR Part 18. Similarly, if such a firm were carrying a position on a United States exchange on behalf of foreign clients, it would be subject to the reporting requirements applicable to foreign brokers. See, e.g., 17 CFR parts 17 and 21. The relief herein does not apply to firms that solicit United States customers for transactions on United States markets.

The eligibility of any firm to seek rule 30.10 relief under this exemptive Order is subject to the following conditions:

(1) The regulatory or self-regulatory organization responsible for monitoring the compliance of such firm with the regulatory requirements described in the rule 30.10 petition must represent in writing to the CFTC that:

<sup>14</sup> The Exchange and its regulator, CNMV, have provided assurances to the Commission, subject to certain agreed upon principles, regarding the availability of information relevant to Part 30 on an "as needed" basis. See Letter dated October 1, 1993 from Philip McBride Johnson, Skadden, Arps, Slate, Meagher & Flom (Skadden); and letter May 19, 1994 from Eudald Canadell, CNMV, to Andrea M. Corcoran, CFTC (confirming that information may be shared between the CFTC and the CNMV pursuant to the Memorandum of Understanding on Mutual Assistance and Exchange of Information of October 1992. See also letter dated January 31, 1995 from Philip McBride Johnson, Skadden, Arps, Slate, Meagher & Flom to Jane C. Kang, CFTC Division of Trading and Markets.

<sup>15</sup> These rules essentially provide that delivery of a mandated risk disclosure statement does not eliminate any obligation under the Act to disclose all material information to existing or prospective customers even if the information is not specifically required by the applicable risk disclosure rule.