

Corporate & Financial Weekly Digest

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CME Group Response to CFTC Letter in Support of EFF Transactions on ELX

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CME Group, Inc. has sent a letter to the Commodity Futures Trading Commission reaffirming its position that it is not required to accept for clearing ELX Futures “exchange of futures for futures” (EFF) transactions.

Last year, the Chicago Board of Trade (CBOT) issued a Market Regulation Advisory Notice stating that CBOT rules do not allow the execution of EFF transactions. CFTC staff subsequently took the position that neither the Commodity Exchange Act (CEA) nor CFTC regulations prohibit such transactions, and the CFTC sent a letter to CME in August restating this position. In addition, the CFTC Division of Market Oversight (DMO) sent a second letter requesting from CBOT a written response and the production of records addressing whether the CBOT Advisory Notice complies with Core Principle 18 of Section 5(d) of the CEA (antitrust considerations).

In its September 13 reply, CME defended CBOT’s ban on EFF transactions and reiterated its position that such transactions are wash sales and/or fictitious trades. CME also responded to the DMO’s letter addressing its inquiries regarding antitrust considerations and detailing CBOT’s legal and economic rationale for prohibiting EFF transactions.

Copies of both letters, with attachments, are posted on the CFTC’s website, available [here](#).

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