

Corporate & Financial Weekly Digest

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CFTC Issues Letter to CME in Support of EFF Transactions on ELX

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In connection with the long-running dispute between CME Group, Inc. and ELX Futures regarding so-called “exchange of futures for futures” (EFF) transactions on ELX, the Commodity Futures Trading Commission sent a letter to CME reaffirming the position previously taken by CFTC staff that neither the Commodity Exchange Act (CEA) nor CFTC regulations prohibit such transactions. EFF transactions are designed to permit market participants effectively to move a Treasury futures position from the Chicago Board of Trade (CBOT) to ELX for clearing. The CFTC letter was written in response to CBOT’s October 19, 2009, Market Regulation Advisory Notice stating that CBOT rules do not permit the execution of EFF transactions.

The CFTC also directed its staff to undertake an analysis of whether the CBOT Advisory Notice complies with Core Principle 18 of Section 5(d) of the CEA (antitrust considerations). In connection with this directive, the CFTC Division of Market Oversight sent a second letter requesting from CBOT a written response and the production of records addressing certain related matters.

The CFTC press release regarding its letters to CME, including links to both letters, is available [here](#).

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