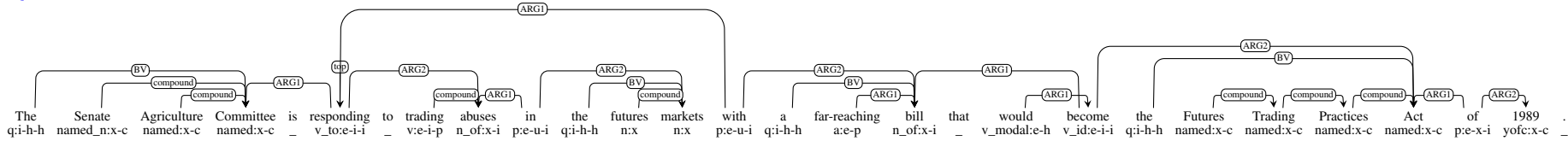
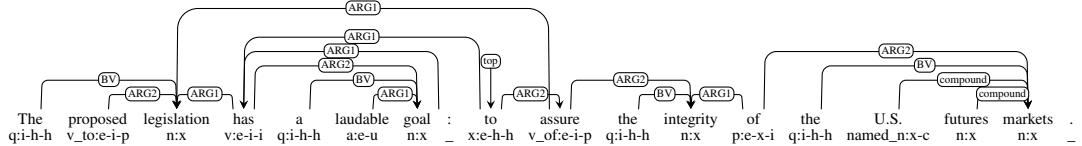


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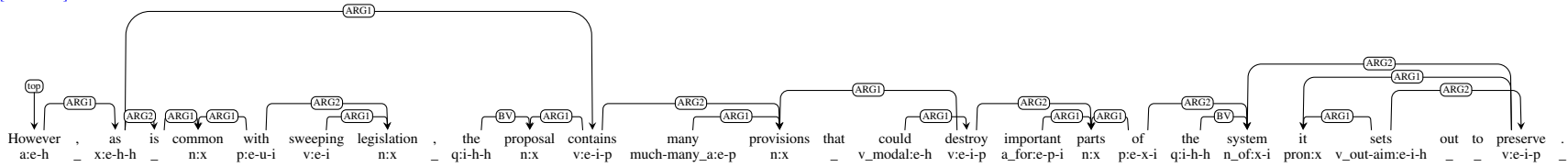
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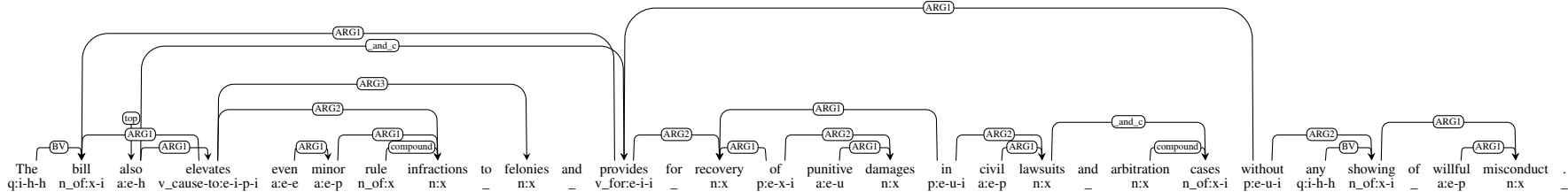
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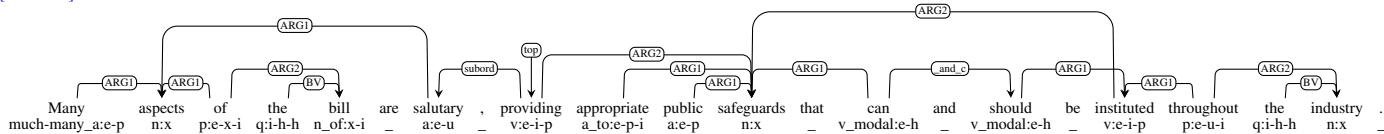
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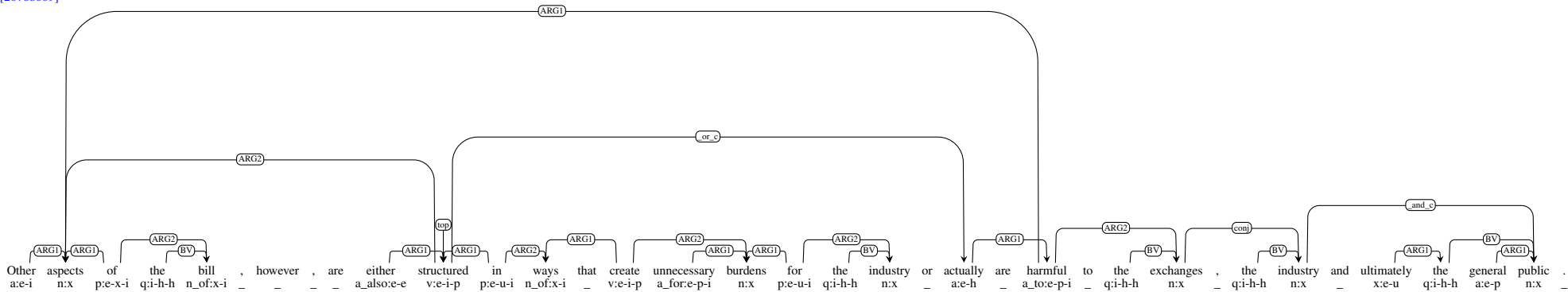
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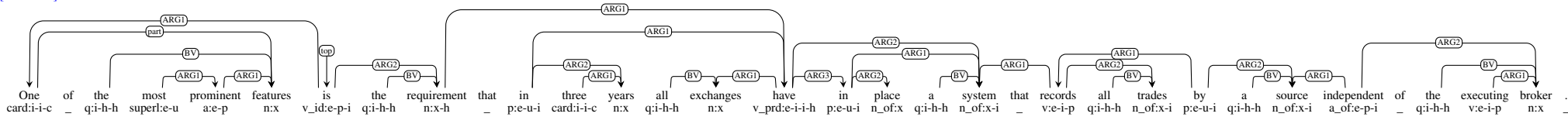
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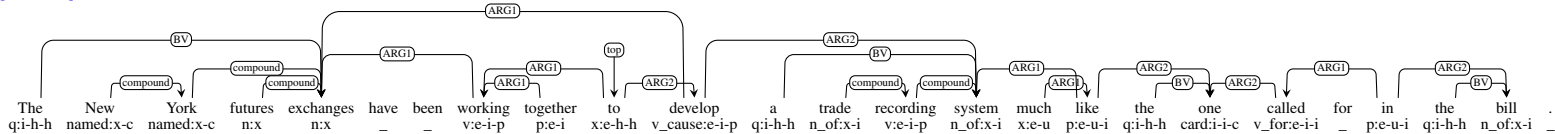
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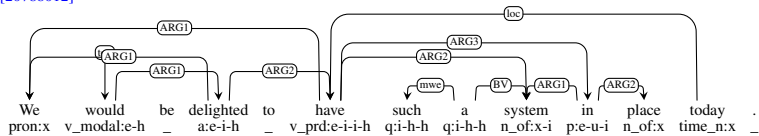
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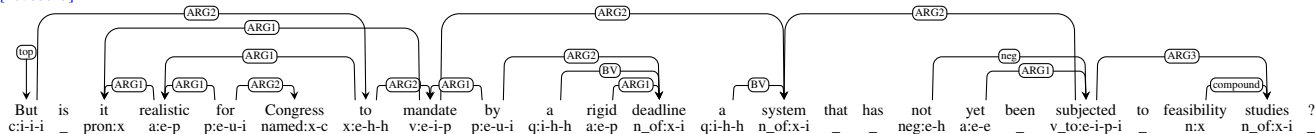
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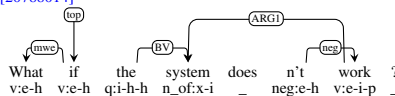
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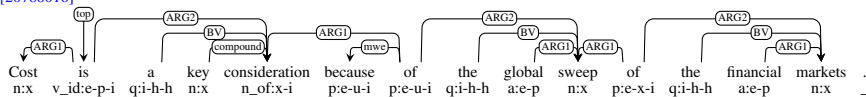
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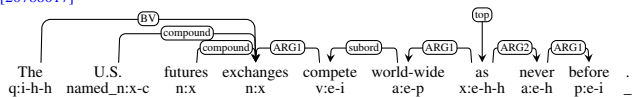
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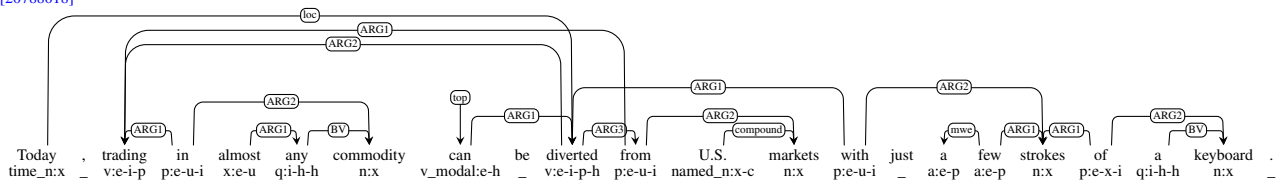
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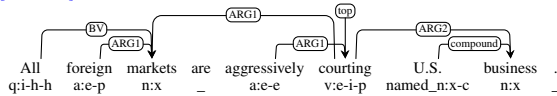
[20788017]



[20788018]



[20788019]



[20788020]

In fact, several London markets already offer lower costs for trading in the same or very similar contracts.

[20788021]

The U.S. exchanges need both market integrity and cost-efficiency; long-term growth depends on it.

[20788022]

The Senate bill contains many provisions that will increase the costs of trading.

[20788023]

The most arbitrary of these is the imposition of "service fees," which will directly widen the cost spread between U.S. and foreign markets.

[20788024]

Other provisions have a more subtle, but nonetheless real and detrimental effect on the international position of U.S. exchanges.

[20788025]

These include the extension of liability into areas beyond those established by judicial precedent and the expansion of liability to include punitive damages.

[20788026]

In addition to increasing costs as a result of greater financial exposure for members, these measures could have other, far-reaching repercussions.

[20788027]

One section of the bill would make all commodity brokerage firms and floor brokers liable for damages without willful misconduct.

[20788029]

It is only logical to assume that the enactment of this provision will lead to increased litigation.

[20788031]

Another measure makes commodity brokerage firms liable for violations committed by independent floor brokers who execute trades for them.

[20788032]

This untried concept would expose these firms to potentially astronomical punitive damages.

[20788033]

Faced with the virtually impossible task of supervising the execution of each trade, many commodity brokerage firms are likely to stop doing business with independents and instead hire their own salaried floor brokers.

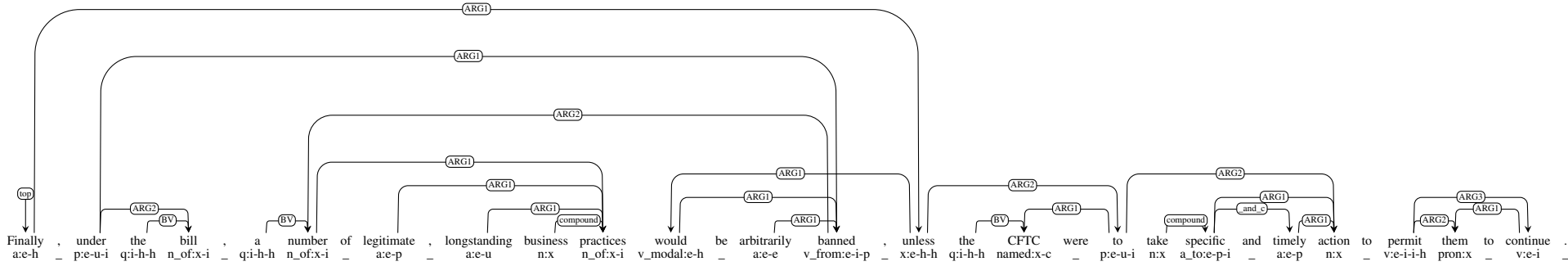
[20788034]

This would force out of business many of the individuals and small firms that function as floor brokers.

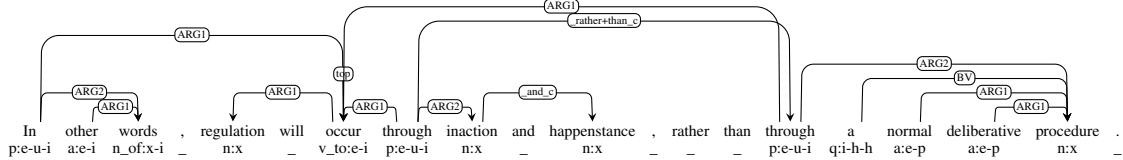
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A consequence of their departure could be a serious diminution of market liquidity.

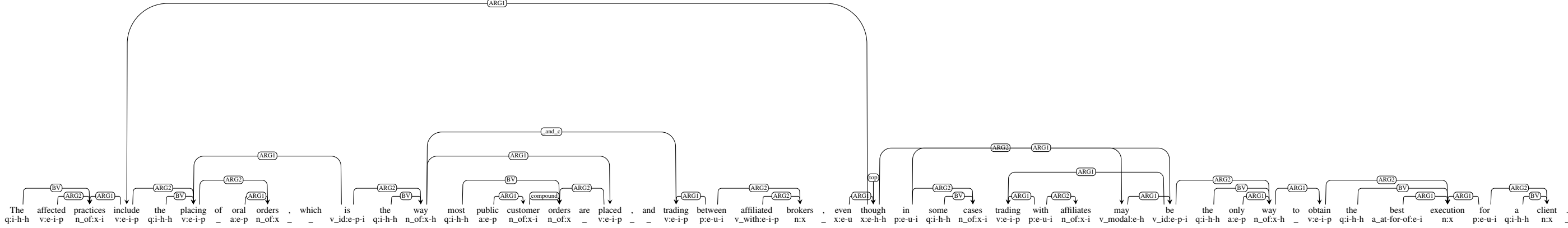
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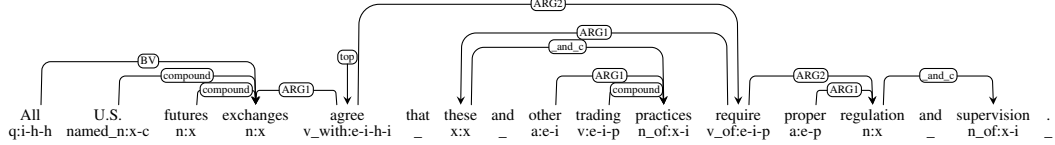
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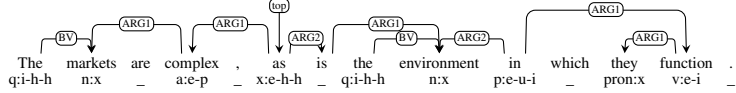
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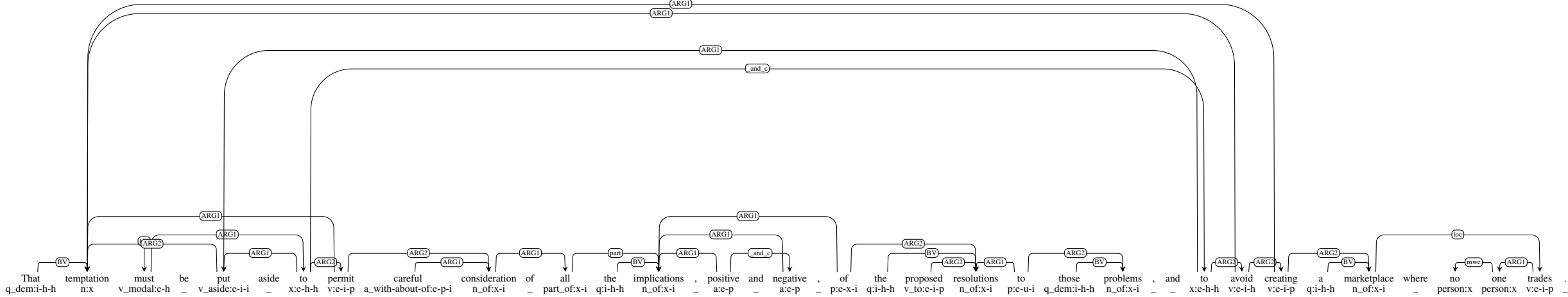
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[20788042]



[20788044]



[20788045]

