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Cantor Fitzgerald

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VIA FEDERAL EXPRESS

ACTING SECRETARY WILLIAM F. CATON
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

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FCC MAIL ROOM

Re: PP Docket No. 93-253

Dear Mr. Caton:

Last Thursday, I attended a conference hosted by The Annenberg Washington Program entitled "Spectrum Allocation: Auction Designs and Their Potential Impact". The conference was conducted as an open exchange of technical and theoretical ideas in connection with the FCC's upcoming disposition of licenses and permits in Personal Communication Services ("PCS") through auction mechanisms. The purpose of this letter is to provide the FCC with additional comments on this subject.

By way of brief introduction, I am a Director of Cantor Fitzgerald's Asset Sales Group. In 1972 Cantor Fitzgerald acquired and developed an electronic screen system known as Telerate. As an NASD regulated broker-dealer, our firm sells various securities and other assets, largely through electronic auctions conducted in real time and displayed through the Telerate system. Today, Cantor Fitzgerald sells over \$7 trillion of securities and other assets annually through Dow Jones/Telerate's 90,000 electronic screens worldwide. Cantor Fitzgerald's treasury pages are the most widely viewed on the Telerate system. In addition, through Telerate's Access Service ("TAS"), Telerate screens may be viewed on an IBM-compatible PC through a modem connection with a Telerate dial-up disk.

One issue raised at last week's conference was the viability of an electronic auction for the disposition of PCS licenses. Over the past 20 years, Cantor Fitzgerald and Telerate have designed and perfected the hardware and software necessary to auction numerous securities as well as various other assets. In our experience, electronic auctions create enormous flexibility and efficiency when designed properly. As Professor Barry Nalebuff noted during last week's conference, Cantor Fitzgerald was prepared on 24-hours notice to conduct a real time electronic simulation at the conference for the auction of PCS licenses. (Unfortunately, the conference facilities had no available telephone lines for our use.) The electronic auction system developed and used by our Asset Sales Group permits bids on numerous assets such as loans, real estate or leases, to be entered telephonically and electronically on a fully recorded basis. We can

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conduct an electronic auction with simultaneous bidding, sequential bidding or any combination thereof. We can display bids simultaneously and we can provide immediate evaluation of combination bids and financed bids through our system. We can display bidder identities, if desired, or we can keep those identities confidential as we typically do. We can also maintain adequate system support to develop an appropriate secondary or after-market for any asset. In short, our system has routinely been adapted for different uses in our firm's 16 operating divisions.

In addition, our electronic system has operated over the past 20 years without any significant interruption in service. Although the system has on rare occasions been interrupted for several minutes, the system has proven itself to be extremely reliable and, consequently, has become a major factor in virtually all of our business activities. In fact, when terrorists bombed our headquarters at the World Trade Center last year, our electronic system remained completely operational even though it was left unmanned after the explosion. Within days after the blast, we set up a duplicate operation in temporary facilities and reactivated our entire system.

After considering the views expressed at last week's conference, I am convinced that an electronic auction is not only viable, but is essential to the FCC's successful disposition of PCS licenses. To summarize, an electronic auction offers the following potential benefits:

- o convenient, open display of multiple bids through thousands of screens and through an unlimited number of PCs with dial-up disks
- o simultaneous bidding, sequential bidding or combinations thereof
- o immediate evaluation of combination bids and financed bids
- o complete audit trail through recorded lines and electronic logging system
- o simple maintenance of system support to develop an appropriate secondary or after-market

On behalf of Cantor Fitzgerald, I am pleased to submit these comments for your consideration. I will be available to discuss my comments in greater detail and to arrange for a real time demonstration of our electronic system at your convenience. If you or other representatives of the FCC have any questions or comments, please feel free to call me at 212-938-7698.

Very truly yours,

CANTOR FITZGERALD
BROKERAGE, LP


GERALD D. PIETROFORTE
Director

cc: Dr. Joseph E. Stiglitz