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OFFICE OF THE SECRETARIAT

COMMENT

August 1, 2000

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Proposed Regulation 4.27 -- Public Reporting By
Operators of Certain Large Commodity Pools

To the Commodity Futures Trading Commission:

On behalf of The Goldman Sachs Group, Inc. ("GS") and its subsidiaries and affiliates, we are pleased to respond to the Commission's Proposed Regulations Regarding Public Reporting by Operators of Certain Large Commodity Pool, 65 Fed. Reg. 20395 (April 17, 2000) (the "Proposed Regulations").

GS is the parent holding company of a variety of businesses including five registered commodity pool operators ("CPO"). One of these CPOs is Goldman Sachs Asset Management, an operating division of Goldman, Sachs & Co. ("GS&Co."), which is one of the principal operating subsidiaries of GS. In addition to its CPO activities, GS&Co. is registered as a broker-dealer with the Securities and Exchange Commission and as a futures commission merchant. Among other activities, GS&Co. controls numerous other entities that have been formed to serve as general partner/investment manager of investment vehicles that are not commodity pools (e.g., venture capital, private equity, real estate, etc.).

GS's comment focuses on two aspects of the Proposed Regulations. First, GS is very concerned about the potential breadth of the Proposed Regulations. In particular, we are concerned with the defined terms "control" and "pool" in the Proposed Regulations. In the case of GS&Co., a registered CPO doing business as Goldman Sachs Asset Management, the reporting obligation imposed by the Proposed Regulations appears virtually unlimited in its scope. The term "pool" is defined to include "any investment trust, syndicate or similar form of enterprise that is controlled by a commodity pool operator". Proposed Regulation 4.27(a)(8). This definition would appear to cover investment activities in such areas as venture capital,

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private equity and real estate investment vehicles which, while they may be controlled by the same legal entity that is the CPO, have nothing to do with futures or the regulatory responsibilities of the Commission. An entity's registration as a CPO should not subject all of its and its subsidiaries' and affiliates' collective investment activities to Commission reporting requirements.

Secondly, GS believes that the Proposed Regulations are premature. As the Commission is aware, public disclosure by highly leveraged institutions, including hedge funds, is the subject of pending legislation that is being considered in Congress. In addition, broader issues relating to the disclosure of risk are being studied by global regulatory bodies in cooperation with the private sector. These important initiatives seek to address the full range of issues associated with the costs and benefits of regulatory reporting and public disclosure of exposures and risks. During the past year, the Basel Committee on Banking Supervision together with the International Organization of Securities Commissions Technical Committee established a significant pilot program that will likely lead to recommendations modifying the current public reporting requirements of large financial institutions. GS, together with a group of several other global financial institutions, are actively participating in this substantial and costly initiative. In view of the scope and costs associated with this pilot project and until we all see the specific recommendations for enhanced public disclosure that will follow from this project, we strongly believe there should be a moratorium on all new initiatives relating to institutions that will be covered by the Basle IOSCO effort which has the support of the G-7 Finance Ministers. Indeed, we suggest as a better course that the Commission refrain from proceeding at this time and await the results of these legislative and regulatory initiatives.

GS appreciates the opportunity to submit these comments on the Proposed Regulations and would be pleased to respond to any questions that the Commission or its staff may have.

Sincerely,



E. Gerald Corrigan