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Goldenberg, Hehmeyer & Co.

Chicago Board of Trade Building, 141 W. Jackson Blvd., Suite 1701-A, Chicago, IL 60604, 312.922.6765 FAX: 312.922.7143 TELEX: 206605

VIA FACSIMILE

August 7th, 2000

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OFFICE OF THE SECRETARIAT

Jean Webb
Secretary
Commodity Futures Trading Commission
1125 21st Street, NW
Washington, DC 20581

**RE: Proposed Rules
Concerning Intermediaries**

Dear Ms. Webb:

Goldenberg, Hehmeyer & Co. ("GHC") a futures commission merchant, broker-dealer, and clearing member at the Chicago Board of Trade would like to take this opportunity to comment on the Commodity Futures Trading Commission's ("the Commission") proposed rules concerning intermediaries. GHC both applauds and supports the Commission in its efforts to adopt a regulatory framework that would allow both futures markets and their participants the vitality and competitiveness necessary to succeed in the 21st century.

However, we urge the Commission to reconsider its proposed amendments to rule 1.17. The proposed addition of paragraph (a)(1)(ii) requiring an FCM to maintain a minimum of $20 million adjusted net capital in order to intermediate non-institutional customer transactions on a Derivatives Transaction Facility ("DTF") is unwarranted. While we understand the Commission's concern that reduced regulatory oversight may result in additional risk to market participants, it is our carefully considered opinion that the best way to alleviate such concerns would be through proper utilization of a risk-based capital requirement rather than through an arbitrary monetary requirement. Our extensive experience has demonstrated that assessment of an organization's risk is most accurately measured by considering and weighing the risks assumed by that organization, rather than by application of a static method such as proposed by paragraph (a)(1)(ii).

Also, the public is better protected by the institution of a risk-based capital requirement since it more accurately reflects the overall activities of an intermediary and can better predict potential consequences. As markets ebb and flow, so do the risks assumed by intermediaries. A risked-based capital requirement has the benefit of being able to react to changes in an intermediary's risk profile whereas a static amount such as proposed in paragraph (a)(1)(ii) does not.

In closing we would like to again state that we commend the Commission's efforts to reform the regulatory framework to reflect current needs. Thank you for your attention and please feel free to contact our office at (312) 356-6000.

Sincerely,

Ralph I. Goldenberg /C.G. Christopher K. Hehmeyer /C.G.

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