



# FIRST OPTIONS

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COMMENT

Ms. Jean A. Webb  
Secretary, Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street  
Washington, DC 20581

Dear Ms. Webb,

August 7, 2000

This letter comes from a discussion with Paul Bjarnason, Jr, Special Advisor for Accounting Policy, regarding Rule 1.25 changes which will add the Depository Trust Company (DTC) as a permitted depository for securities.

Mr. Bjarnason related that the Commission will continue to require an FCM to obtain written acknowledgments from banks, trust companies and other FCM's concerning the treatment of customer funds. However, the rules of DTC appear to preclude an FCM from this written acknowledgment for securities that are posted for margin in a futures account.

Mr. Bjarnason spoke with Bob Push, of Brown Brothers Harriman & Co. Mr. Push related that his knowledge of the DTC rules and the adoption of DTC as a permitted depository for securities would remove the need for an FCM to obtain written acknowledgement of a customer segregated funds location. Mr. Push offered to send the pertinent DTC rules Mr. Bjarnason, so that the Commission could review. The goal being to have the Commission incorporate into Rule 1.25 that DTC is an acceptable depository, without the need of the FCM to obtain the written acknowledgment. Past efforts requesting that DTC send a written acknowledgement letter have not been fulfilled by DTC, and nothing appears on the horizon to suggest that this will change.

If I can be of further help or if I can supply the Commission with any additional information or backup please feel free to contact me at 312-362-3034. I thank the Commission for their time and effort in reviewing and hopefully granting this request.

Sincerely,

Joseph L. Bernier  
Vice President Margin Department  
First Options of Chicago

CC: Terry Travis - FOC Director Risk  
Brian Duggan - FOC CFO  
Bob Push Brown Brothers Harriman & Co.  
Paul Bjarnason

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