

R.J.O'Brien

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Gerald F. Corcoran
Chief Executive Officer

September 8, 2003

Ms. Jean A. Webb
Secretary to the Commission
Commodity Futures Trading Commission
1155 21st Street NW
Washington, DC 20581

COMMENT

Re: Minimum Financial and Related Reporting Requirements for
Futures Commission Merchants and Introducing Brokers ----
68 Fed.Reg. 40835 (July 9, 2003); Proposed Risk Based Capital Rules

Dear Ms. Webb:

R.J. O'Brien & Associates, Inc. ("RJO") is pleased to comment on the Commodity Futures Trading Commission's proposed amendments to the Commission's minimum financial and related reporting requirements, 68 Fed.Reg. 40835 (July 9, 2003). RJO is a registered FCM formed in 1914. We are a founding member of the Chicago Mercantile Exchange and are clearing members of the Chicago Board of Trade, The New York Mercantile Exchange, The Commodity Exchange of New York, and the New York Board of Trade. Our firm represents a wide spectrum of futures participants ranging from individual retail speculator accounts to corporates utilizing the futures markets to hedge certain underlying risks in both agricultural markets and financial markets. We are one of largest independently owned FCMs in the United States.

RJO notes that on August 28, 2003, the Futures Industry Association ("FIA") filed comments with the Commission on behalf of its members. Not being a member of FIA, RJO would like to reinforce to the Commission its support of the FIA's comments and recommendations as set forth in the comments filed with the Commission on the date aforementioned.

In particular, RJO strongly supports FIA's position in opposition to changes in the current capital charge for undermargined accounts. RJO has a large retail client base as well as many small to medium corporates that would be adversely impacted by this rule change so much that they might abandon use of the futures markets. Although large corporates generally meet their obligations with one-day bank wires, the retail client and small to medium corporates, including agricultural interests, have not migrated to a one-day wire basis. To change this rule would result in a FCM requiring all clients to incur the cost of wiring funds on regular basis. Alternatively, should an FCM not require a one day wire, it would incur a capital charge that would unnecessarily increase the cost of doing business with this vital sector of market participants. In many cases, the costs of a wire transfer could be a significant percentage of a

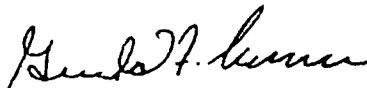
small margin call. Significantly increasing the capital charges and direct customer costs for undermargined accounts would outweigh the benefit it was intended to effect. Also mitigating the need to adopt a one day undermargined account haircut is the Commission's proposed risk based capital computation, which if adopted will in itself greatly strengthen the financial integrity of the marketplace. As such, we believe any change in computing the haircut for undermargined accounts will have a significant detrimental impact on a large segment of the industry by unnecessarily increasing costs to both the customer and the FCM community and we therefore oppose the proposed rule change.

RJO also concurs with both the FIA and the Joint Audit Committee's recommendation for the elimination of the early warning notice requirement. We believe the new risk-based capital requirements, monthly reporting, and the daily monitoring of FCM capital by the Exchange community obviates any need for an early reporting requirement. The original need for the early warning requirement is no longer valid and has been or will be superseded with more stringent capital requirements and improved reporting.

RJO appreciates the opportunity to submit these comments on the proposed amendments. Again, we strongly support the FIA's comments previously filed with the Commission. We would welcome the opportunity to meet with the Commission and the staff to explain in greater detail our reasons for the positions we are supporting.

Your consideration of our comments and those of the FIA will be greatly appreciated.

Sincerely,



Gerald F Corcoran
Chief Executive Officer

Cc: Honorable James E. Newsome, Chairman
Honorable Barbara Pedersen Holum
Honorable Walter L. Luken
Honorable Sharon Brown-Hruska

Jane K. Thorpe, Director
Thomas J. Smith, Deputy Director
Division of Clearing and Intermediary Oversight