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November 10, 2005

Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
1122 21<sup>st</sup> Street, NW  
Washington, DC 20581

COMMENT

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Re: Proposals for Alternative Market Risk and Credit Risk Capital Charges for  
Futures Commission Merchants and Specified Foreign Currency Forward  
and Inventory Capital Charges

Dear Ms. Webb:

The purpose of this letter is to express the support of Goldman, Sachs & Co. ("GSCo"), registered with the Commodity Futures Trading Commission (the "Commission") as a futures commission merchant ("FCM") and registered with the Securities and Exchange Commission (the "SEC") as a registered broker dealer ("BD"), for the above cited proposals. In particular, GSCo would like to comment on two particular aspects of the proposals, and we request a clarification with respect to the Commission's application of its Rule 1.15.

As the Commission is aware, the SEC recognized The Goldman Sachs Group, Inc. ("GS") as a consolidated supervised entity ("CSE") in April of the current year, and since that time GSCo has been computing its capital requirements and reporting same to the Commission, the SEC, the New York Stock Exchange and the Chicago Board of Trade on the basis of the SEC's rule set applicable to the BD subsidiaries of CSEs. The Commission's inclusion of that rule set within its own Rule 1.17 has allowed GSCo to report capital computations to both futures regulatory bodies and securities regulatory bodies on a consistent basis, allowing GSCo to avoid the conflicts inherent in attempting to adhere to two different rule sets at one and the same time. As the Commission is also aware, adherence to the CSE rule set requires GSCo to rely upon GS' risk management infrastructure for computations provided to the Commission and other regulatory bodies. We would hope that reliance upon data derived from this infrastructure, and the review and discussion of these results, would serve to enhance the dialogue between GSCo and its primary futures and securities regulators.

We would also like to comment upon a second aspect of the Commission's proposals: the revision of the Commission's Rules 145 and 147 regarding the confidential treatment of information provided to the Commission. GSCo believes the Commission's amendment of these rules is an essential step for the Commission's greater reliance upon proprietary risk management infrastructures in the regulation of FCMs.

The Commission did not propose an amendment to its Rule 1.15 ("Risk assessment reporting requirements for futures commission merchants") as a part of the proposal discussed herein. As currently stated, Rule 1.15 requires firms like GSCo to provide financial and other information to the Commission on an annual basis. We would ask the Commission to confirm that it would continue to require such information on the same basis. Additionally, Rule 1.15 references a requirement to evidence risk management policies and procedures to the Commission as a filing requirement. Given the volume and complexity of these policies and procedures, at least for those FCMs carrying a large number of product lines, we would ask that the Commission re-phrase Rule 1.15 as a requirement to make such policies and procedures available for inspection.

GSCo thanks the Commission and its staff for efforts made in the preparation of these proposals. We believe the proposals represent an important advancement in the Commission's capital adequacy and reporting requirements. Please do not hesitate to contact me (212 357 8710) or Thomas J. Favia (212 902 1710) with any questions or comments.

Very truly yours,



Ralph J. Silva  
Managing Director

cc: Bonnie Litt