



**Rosenthal  
Collins  
Group, L.P.**

*Experience That Works*

216 West Jackson Boulevard  
Chicago, IL 60606  
(312) 460-9200

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May 13, 1998

COMMENT

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Ms. Jean A. Webb  
Secretary of the Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Re: Minimum Financial Requirement Rule – Short Option Value Charge

Dear Ms. Webb:

Rosenthal Collins Group, L.P. (RCG) welcomes the opportunity to respond to the Commodity Futures Trading Commission's proposed rule amendment to eliminate the four-percent short option value charge as delineated in the March 16, 1998 *Federal Register*. For those reasons stated in the *Federal Register*, RCG strongly supports the elimination of the charge. Those reasons, in part, include:

- The adoption of the risk-based SPAN margining system by all U.S. commodity exchanges and numerous international exchanges.
- The inherent limitations in applying the short option value charge on an aggregate basis without considering customer portfolios on an account by account basis.
- The current risk management practices in place at futures commission merchants, exchanges, and clearing houses.
- The extensive financial surveillance programs executed by self-regulatory organizations and exchange large trader reporting systems.

Eliminating the four-percent short option value will allow future commission merchants to more effectively compete in an international marketplace.

Respectfully submitted,

Richard J. Horgan  
Chief Financial Officer