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**From:** Mark Cook [Mark\_Cook@riggsbank.com]  
**Sent:** Wednesday, September 16, 1998 5:51 PM  
**To:** secretary@cftc.gov  
**Subject:** Performance Data & Disclosure for Commodity Trading Advisors & Commodity Pools

September 16, 1998

OFFICE OF THE SECRETARIAT

Jean A. Webb  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

## COMMENT

Dear Ms. Webb:

As a performance measurement analyst and a portfolio manager I have some experience with portfolio measurement. I wish to comment about Item E of section IV regarding the CFTC Concept Release: Performance Data and Disclosure for Commodity Trading Advisors and Commodity Pools.

I have a problem with the National Futures Association's proposal for the \*nominal account size\* approach for computing historical performance because this approach could result in performance numbers not being comparable. Without comparable methods for computing investment performance, the investor is severely handicapped in making intelligent decisions. Moreover, I would advise the client not to invest in an asset class, when the industry does not have comparable guidelines for investment performance.

The \*nominal account size\* approach could result in performance numbers being non-comparable. If A money manager uses a nominal account size of \$50,000 and money manager B uses a nominal account size of \$100,000 there will be different performance numbers even if the managers use the same exact trades. The performance differs because of the amount of leverage used. How does an investor determine which manager is superior. The amount of leverage needs to be disclosed to answer that question and to compare managers on an \*apple to apple basis.\*

Another non-comparable problem occurs when the investor chooses money manager A who uses a nominal account size of \$50,000. If the investor's account is different than \$50,000 the investor's performance will be different from the published numbers. The investor may believe the published performance numbers are the same for his account. This approach creates too much confusion for the investor.

Sincerely,

J. Mark Cook

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