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OFFICE OF THE SECRETARIAT

COMMENT

September 30, 1999

Ms. Jean Webb
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, D.C. 20581

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Re: Performance Data and Disclosure 64 FR 41843

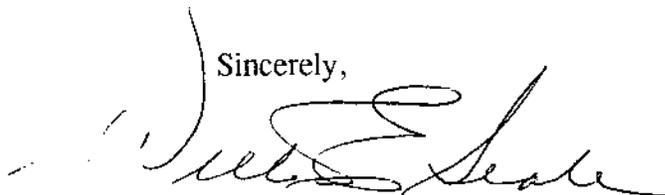
Dear Madam Secretary:

I note that the Commission is seeking comment on proposed amendments to the Rules relating to performance data and disclosure for Commodity Trading Advisors. I currently hold an appointment as a Professor on the Finance Department faculty at The George Washington University (a position from which I am currently on leave) and am a Principal and Director of Portfolio of ProFund Advisors LLC, the RIA manager of the ProFunds mutual fund family. Additionally I am Principal of ProFund Capital Management LLC, a registered CTA and CPO. I have served as a public member on the Board of Directors of the National Futures Association, the Kansas City Board of Trade, the New York Cotton Exchange and am currently a public member of the Board of Directors of the New York Board of Trade. From 1983 to 1988 I served as a Commissioner on the Commodity Futures Trading Commission. Subsequent to my service on the Commission and contemporaneously with my appointment at GW I served as the Executive Director and as President of the National Association of Futures Trading Advisors. Additionally, in conjunction with my academic appointment I have closely examined the manner that CTA rates-of-return are calculated.

I commend the Commission on at-last addressing the issue of CTA performance calculation. It is imperative that the ROR calculation method be consistent with the way that the business of money management has evolved and is conducted. I believe the performance of a CTA should be tied to the amount the client asks it to manage and not on the actual amount that is deposited in an account with a Futures Commission Merchant. The methodology of calculating ROR based on funds on deposit essentially overstates the ROR for all accounts except those that are fully funded. I urge the Commission to adopt regulations that insure that accounts that are similarly traded have the same ROR and I reject the argument that the use of notional funded accounts understates the risk of a futures managed account. Certainly current CTA and CPO disclosure requirements make it abundantly clear that speculative futures trading can be risky.

I also note in the Commission's request for comment there are issues involved that were not addressed in the earlier CFTC concept release. I respectfully urge the Commission to sever these issues from the notional funding issue and address them at a later time after further careful consideration. For example I would argue that requiring CTA monthly performance in both tabular and graphic form would provide information overkill and could be presented in a manner that would be misleading.

Sincerely,

A handwritten signature in black ink, appearing to read "William E. Seale". The signature is fluid and cursive, with a large initial "W" and "S".

William E. Seale, Ph.D.