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AlphaMetrics Capital Management, LLC

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September 16, 1999

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Ms. Jean A. Webb  
Secretary of the Commission  
Commodity Futures Trading Commission  
3 Lafayette Centre  
1155 21st Street, N.W.  
Washington DC, 20581

RE: Performance Data and Disclosure of Commodity Trading Advisors

Dear Ms. Webb:

We are a CTA and CPO firm, and I have been actively trading in the futures markets for thirty years. I would like to comment on the NFA proposal regarding the calculation and reporting of performance for partially funded accounts.

The trading of derivatives raises some problems in accounting because holding derivatives positions requires little or no underlying capital. I raised this issue with members of the CFTC fifteen years ago, and I am pleased to learn that the current proposal advocates the solution I proposed then: use notional funds as the equity being managed.

Although this method may be subject to abuse, it is clear that the only consistent method for determining the true performance record of an advisor is one in which what the advisor and client agree is the equity he or she is managing is recorded as the equity he or she is managing.

Once an advisor has stated what amount of equity is under management, it should not be difficult to trace changes in that equity, so that it will be hard for an advisor to try to boost performance by changing the nominal funds levels frequently. Also, management fees received, as well as incentive fees, and the management contract will assist in determining the proper level of equity. I believe that once the nervousness about calculating returns on moneys that are not actually visibly in the account has subsided, all sides will realize that this is not so difficult to do after all.

Very truly yours,  
AlphaMetrics Capital Management, LLC

*Charles Freifeld*

Charles Freifeld  
Managing Member