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Arthur Andersen, LLP

33 West Monroe Street
Chicago IL 60603-5385

October 1, 1999

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

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Subject: Performance Data and Disclosure for Commodity Trading Advisors;
64 Federal Register 41843 (August 2, 1999)

Dear Ms. Webb:

Arthur Andersen LLP ("Arthur Andersen") is pleased to have the opportunity to comment on the Commission's proposed revisions to its rules and regulations regarding performance calculations and disclosures by Commodity Trading Advisors ("CTAs"). Arthur Andersen is an international public accounting firm with a number of clients who will be either directly or indirectly impacted by these revisions. A representative from Arthur Andersen was a member of the special National Futures Association committee that helped draft the compliance rules and interpretive notice referred to in the Commission's proposed revisions.

We support the Commission's proposed revisions to the rate-of-return ("ROR") calculation. We believe that these changes will make the ROR calculation consistent with the economic reality of how a CTA manages its clients' money and earns returns its clients. We also believe that these changes will help to ensure that there is computational and disclosure consistency among CTAs that will enhance the investor's ability to make an informed investment decision and to compare one CTA's performance with another CTA's performance. We hope to see these proposed revisions approved and implemented as soon as possible.

With respect to specific matter discussed in the proposal, we have the following comments:

- Documentation of Nominal Account Size (Section A)—We agree with the proposed requirements and want to emphasize that the documentation supporting nominal account size is critically important and provides the basis for the CPA's audit of and opinion on the CTA's performance. We would expect, although not specifically stated in the proposal, that subsequent significant changes in any of the documentation requirements outlined in

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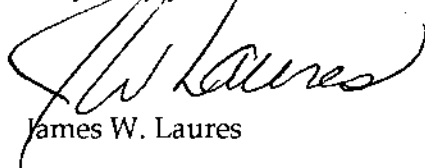
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proposed 4.33c (1 through 5) would require the CTA to obtain from its client a new signed agreement or signed addendum to the original agreement.

- Changes to Calculations (Section B) – We agree with the prohibition against imputing interest income “...with respect to nominal account sizes or otherwise computed on a pro-forma basis.” With respect to interest on actual funds deposited with the client’s FCM, we believe that the Commission should allow the current industry practice of recording such interest income in the CTA’s performance to continue.
- Disclosure of Actual Funding Levels and Funds Under Management (Section C) – We disagree with the Commission’s comment that the “...disclosure of the amount of client assets managed by the CTA – the funds under management – should continue to reflect the amount of actual funds committed by clients to the CTA’s trading program, rather than the aggregate of nominal account sizes.” We believe that the “aggregate of nominal account sizes” is the correct measure of client assets managed by the CTA. To say that a CTA’s ROR should be calculated using nominal account size but that funds under management should be calculated using the amount of actual funds committed by clients seems inconsistent and, more importantly, could be confusing to investors. If the Commission believes that the amount of actual funds committed by clients to the CTA’s trading program is an important disclosure for investors, it should be done in another manner. However, the “aggregate of nominal account sizes” should be the measure of client assets managed by the CTA.
- Disclosure of Monthly Performance – While we like the use of graphs and charts to convey important information, the one included in Appendix A to the proposal appears too “busy” and, as a result, may not accomplish the objective of crisply conveying essential information to investors. The Commission may want to determine if a different chart or graph would accomplish this objective more effectively.

In summary, we support the Commission’s proposed changes to the rate-of-return (“ROR”) calculation and appreciate the opportunity to provide our comments on them. If there are questions on the any of Arthur Andersen’s comments, please contact me at 312/507-6612.

Very truly yours,



James W. Laures

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