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COMMENT

1999 OCT 12 A 11:

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October 1, 1999

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

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Re: Performance Data and Disclosure for Commodity Trading Advisors

Dear Ms. Webb:

As always, we very much appreciate the opportunity to comment on the Commission's proposed revisions to its rules concerning the documentation, computation, and disclosure of CTAs' past performance and applaud the Commission's efforts to simplify such disclosure. We will attempt to address the key points raised by the Commission in the proposed revisions.

Please note the strong support of our, and we believe the Commission's, belief that merely requiring more data does not necessarily result in better information for clients. To the contrary, we believe that inundating clients with too much information not only confuses them in general, but defiles the remaining, specific information that is truly of help to clients. Further, requirements for excessive amounts of information also place undue burdens on CTAs, again without resulting in any measurable client benefits.

A. Documentation of Nominal Account Size

We see no problems with the new requirements of proposed Rule 4.33©. This is a fairly straightforward rule that allows for the provision of valuable information.

B. Changes to Calculations

We are in agreement with the use of nominal account size, rather than net asset value, as the basis for performance computation. We understand the basis for and do not disagree with the necessary changes in calculations to define the measurement of a CTA's worst peak-to-valley draw-down in general terms. However, it is our strong opinion and belief that interest earned on investments directed by the FCM should be credited as part of the CTA's performance. The most straightforward view of this entire issue, and the one that will be easiest and of most benefit for clients, is that interest, plainly and simply, is a part of the return on a client's funds, just as it is for a client's other investments.

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Any other method of handling interest, or the omission of interest, will only "muddle the picture" for clients. We believe the inclusion of interest is so overwhelmingly the most straightforward way to handle this issue that we do not feel that it is necessary or possible to even address or in any way give credence to any other proposed methods.

C. Disclosure of Actual Funding Levels and Funds Under Management

As indicated above, we applaud the Commission for attempting to simplify existing rules with regard to performance reporting. We strongly disagree, however, with the Commission's belief that disclosure of the amount of client assets managed by the CTA should reflect the amount of actual funds committed by clients to the CTA's trading program, rather than the aggregate of nominal account sizes.

It is our opinion and belief that the aggregate of nominal account sizes should be utilized for the following reasons: (i) the CTA trades its accounts based on their nominal account size; (ii) all trading decisions and the results of those decisions are based on the aggregate nominal amount; (iii) the CTA gets paid based on the aggregate nominal amount; and, most importantly, (iv) because the client understands items (i)-(iii), the client should and does expect that disclosure of the amount of client assets managed by the CTA reflects the aggregate of nominal account sizes. Because of these factors, we believe that it is misleading not to base funds under management on the aggregate of nominal account sizes and that the client is best served only by affirmatively doing so.

D. Disclosure Concerning Draw-Downs

Eclipse Capital does not see any additional benefits to clients whatsoever by requiring such extensive draw-down disclosure on top of that already required of CTAs. As CTAs are already burdened with existing disclosure requirements, any additional disclosure represents substantial burdens for them. Clients should simply be presented with the CTA's worst draw-down. This plainly and clearly presents the risk of investing in that CTA.

The Commission is proposing to add additional information to the existing worst monthly and peak-to-valley draw-down percentages. We firmly believe that this additional information not only will not be of any additional benefit to clients but will only serve to further confuse clients and detract from the value of existing disclosure requirements. We would once again point out our opinion and belief that overloading clients with excessive amounts of data will be to the detriment of the client and result in overly burdensome requirements being placed upon CTAs. We hope the Commission continues to hold and enforce this belief as well.

E. Disclosure Concerning Range of Rates of Return

While Eclipse Capital is fully supportive of providing valuable information to clients, we must respectfully disagree with the Commission's assertion that the presentation of the

range of RORs for closed accounts would provide a valuable additional perspective on the results experienced by individual clients. The information currently required to be disclosed with regard to closed accounts already amounts to over a full page of client disclosure. Requiring the additional disclosure of the range of RORs for closed accounts in an offered program will only add to what amounts to too much information for clients to readily comprehend and will only detract from existing requirements.

Further, we must point out that absolutely no guidance is included with this proposed revision which we believe will only result in inconsistencies in how the information is presented and can represent "flukes" in the past history of the program. This will further detract from the value of existing disclosure to clients.

Finally, we must point out that this information can already be discerned from the monthly returns of the CTA. Requiring the additional disclosure would therefore be of little or no value to clients, while imposing further obvious disclosure burdens upon CTAs.

F. Disclosure of Monthly Performance

While Eclipse Capital does not have a strong opinion on this issue, we would question the need to change the existing requirement with regard to monthly performance disclosure as it seems to be more than adequate in its current format. Our only concern with regard to switching to a bar graph would be whether such a format may allow for the distortion of performance depending on the size of the graph or the parameters used to show performance. In order to preclude any such distortions or "game playing," we would support the continuation of the current requirements.

G. Illustrative Performance Capsule

We have no comments with regard to the Performance Capsule other than to question the stability of the person who chose to show performance of negative 170% as being illustrative of anything pertinent to the Commission's proposals.

II. Changes to Definitions and Disclosure Requirements

Eclipse Capital has no comments as to this aspect of the Commission's proposals.

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I. Commodity Pool Disclosure

The only comments we would have regarding this part of the Commission's proposals would be to reiterate our belief that disclosure requirements should be kept to a minimum to enhance the value of the information presented to clients without overloading them with statistics, verbose language, etc. that will only serve to confuse them and result in overly excessive and burdensome requirements for CPOs.

As noted above, Eclipse Capital appreciates this opportunity to comment on the Commission's proposals. In keeping with our strong belief that information disclosure requirements should be kept simple and straightforward to allow for the most benefit for clients, we would once again like to point out to the Commission that simply requiring more data does not result in better information for clients.

Please contact me at (314) 725-2100 or via e-mail at jklingler@eclipsecap.com should you have any questions or comments with regard to the comments of Eclipse Capital or should you have any other questions or comments for us.

Thank you for your time and attention to this matter.

Sincerely,

J. Klingler

James R. Klingler
Senior Vice President