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OFF. OF THE SECRETARIAT

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

RE: Intermediaries Study

COMMENT

Dear Ms. Webb:

Allow me to share two thoughts with the Commission per its *Federal Register* invitation for comment:

Registration. As a general rule, no registration is required by market participants that hedge in the futures markets. And so, it is unclear to me why a refiner using crude oil futures to hedge the price of its feedstock need not register with the Commission but the operator of a commodity pool with the same crude oil price exposure must register if it elects to hedge in the futures market. CPO registration, in my view, should apply only when futures are used to increase market exposure, not to manage or reduce it.

CFTC Role. Demutualization of exchanges will break the bond between the market and its users. The leverage that an exchange once enjoyed over users by threatening to confiscate their valuable "seats" or to expel them from the industry will cease to exist and users will become far more like telephone customers that the exchange cannot discipline for transgressions beyond a basic denial of service. Meaningful prosecution of serious misconduct, therefore, will fall almost entirely to the Commission which has the legal powers and tools to act.

Sincerely,

Philip McBride Johnson

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