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September 16, 1999

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

Reference: "Performance Data and Disclosure for Commodity Trading Advisors"

Dear Ms Webb:

As a Commodity Trading Advisor with notionally funded accounts, I applaud the bold steps being taken in the proposed modification to rule 2-34. As our industry matures and attracts more institutional investors, the treatment of notionally funded accounts is quickly becoming an important issue.

Unfortunately, there is one issue in the proposed rule that is bothersome and puts CTA's with notionally funded accounts at a competitive disadvantage and prevents investors from making well informed decisions. It has to do with the issue of excluding interest income in notionally funded accounts. An example might better illustrate the problems associated with the exclusion of interest income in notionally funded accounts.

CTA A has one notionally funded account. The proposed rule will force him to report his performance on the notional account without imputed interest income. If CTA B has the same trading performance on a fully funded account of equivalent size as CTA A, CTA B will always show a return that is greater than CTA A when in fact the trading result is the same. Furthermore, in years when trading performance for both CTA's is less than the Treasury Bills return, the overall return shown by CTA B will be more than double the overall return shown by CTA A. This would hardly be fair competition.

Other concerns come to mind. When investors/allocators scan industry publications such as Managed Account Reports, the tables that contain returns (which is often a filter for weeding out poor performing CTA's) will put CTA's with notionally funded accounts at a disadvantage and cause investors to make misinformed decisions. Also, the volatility of CTA's with notionally funded accounts will appear more volatile since interest income acts as a dampener of volatility. This again puts CTA's with notionally funded accounts at a disadvantage and doesn't allow investors to compare "apples to apples".

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I implore you to review the change that excludes imputed interest income in notionally funded accounts. I believe that allowing the inclusion of imputed interest income is fair to investors and CTA's alike. Your attention to this matter would be most appreciated.

Yours truly,

Pierre Villeneuve
Managing Director

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