

Testimony of Theresa D. Becks
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Roundtable on CPO and CTA Issues
Commodity Futures Trading Commission
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Thank you, Mr. Chairman, for providing us with the opportunity today to participate in this roundtable discussion of Commodity Pool Operator and Commodity Trading Advisor issues. My name is Terri Becks, and I am the Chief Financial Officer of Campbell & Company, Inc. (“Campbell”), one of the oldest and largest futures trading advisors in the world. Campbell has been registered as a CTA since 1978 and as a CPO since 1982. Campbell and its Principals are active and sustaining members of the Managed Futures Association, and, as such, are very supportive of the excellent working relationship that has evolved between the MFA and the CFTC. The Commodity Futures Modernization Act of 2000 provides our industry with significant opportunities to level the regulatory playing field in many areas between ourselves and the securities industry, and we applaud the CFTC’s efforts in this endeavor.

I know that other representatives of this industry have appeared before you in recent months and provided you with commentary with regard to numerous intermediary issues. In particular, I refer to the statements for public record made for your meeting dated June 6, 2002, and, in summary, I can state that I am in complete agreement with these statements and recommendations. We support an initiative to streamline the various definitions of sophisticated persons and coordinate the definitions across all necessary regulatory authorities. We support the effort to change the timing requirement for delivery of an offering document to prospective investors to align with security requirements, and to allow for tombstone disclosures.

Along with such broad stroke support, I wish to address two items more specifically:

Excess Review of Public Futures Offerings by Multiple Regulatory Authorities

Campbell acts as the CPO and CTA for the largest continuously offered public futures fund, Campbell Strategic Allocation Fund, L.P. (“Strategic”), which currently has approximately

\$1.3 billion in assets. In anticipation of the labor- and time-intensive process of obtaining regulatory approval of the updates to Strategic's offering document needed every nine months at a maximum, we typically begin the process almost four months prior to the next anticipated effective date. Before the offering can be declared effective, we must receive clearance from the CFTC, SEC, NASD and the fifty states. Often the comments we receive from the various regulatory bodies contradict each other, and we spend an enormous amount of time "negotiating" between all concerned parties until a consensus is reached. Ironically, the ones who end up paying for all of the legal time required to resolve issues between the regulators are the investors themselves (through increased offering costs), the exact group the regulators are hoping to protect. Another ironic example of over-regulation? The conversion of Strategic's prospectus to "Plain English," the initiative that was supposed to make the document more concise and easier to read, actually increased the size of Strategic's prospectus to 93 pages from an already excessive 89 pages, once we obtained agreement across all regulators to the revised language.

Obviously, I am strongly in favor of giving deference to one agency with regard to the review of publicly offered pools. Whereas the CFTC disclosure guidelines have been specifically crafted to address the risks and related issues associated with futures trading, we would suggest that the CFTC be designated as the primary regulator. The SEC public reporting guidelines are geared more towards public corporations as the issuer, and trying to apply their rules to futures trading investment vehicles only provides confusion for both the investors and the individual employees of the regulators attempting to make the documents conform to such guidelines.

Investing in Securities Futures Products by Existing CPOs of Public Pools

As a registered CTA and CPO, Campbell trades in futures, forward and swap contracts on behalf of its individually-managed clients as well as for its investor pools. The CFTC and SEC have made great strides in cooperating over the regulation of the highly-anticipated securities futures product. For example, entities that are currently registered as a Broker-Dealer ("BD") with the NASD can "notice register" with the CFTC as a CTA in order to add securities futures to their repertoire. Reciprocally, CTAs can register as a "notice BD" in order to be able to start

trading in securities futures on behalf of their individual clients. Campbell sees possible potential in adding securities futures to its all ready well-diversified portfolio traded on behalf of the Strategic public fund, and would contemplate making a 10% or so portfolio allocation to securities futures. Even though the size of the proposed allocation would be small, it is our understanding that Campbell would still be deemed to be “holding itself out” as an Investment Adviser because of the public status of Strategic. We strongly recommend that a “notice IA” registration category be created for any investment adviser registered with the CFTC as a CPO whereby the specific pool that the CPO is operating is not required to be a registered investment company or a business development company. Furthermore, we would request that the “notice IA” be exempt from the “qualified client” requirement under IA Rule 205-3, due to the minimal exposure to securities within the futures-dominated public pool.

Again, thank you for allowing me to participate in today’s roundtable discussion, and many thanks to the Commission for soliciting the commentary of the industry participants that it serves so well.