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8**Renaissance**

June 15, 2000

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

Re: Proposed Rule 4.27 – Public Reporting  
by Operators of Certain Large Commodity Pools

Dear Ms. Webb:

Renaissance Technologies Corp. ("Renaissance") is a registered commodity pool operator ("CPO") which acts as investment adviser to several large hedge funds. In response to the request for public comments of the Commodity Futures Trading Commission ("CFTC") in connection with its proposed Rule 4.27 (the "Proposed Rule") published in the Federal Register on April 17, 2000 (65 F.R. 20395), Renaissance respectfully submits this comment letter. As a CPO which would meet the criteria to be a reporting person under the Proposed Rule, Renaissance hopes that its practical perspective on the matters attempted to be addressed by the Proposed Rule may provide helpful insight to the CFTC in this area. We echo the sentiments expressed by Commissioner Barbara Pedersen Holum in her dissenting remarks to the Proposed Rule, as set forth at 65 F.R. 20403, wherein she stated that the events surrounding the near-collapse of Long Term Capital Management ("LTCM") occurred nearly two years ago and that "market developments since then call into question whether a specific prescriptive rule, such as Proposed Rule 4.27, is the appropriate response at this time."

As active participants in virtually all U.S. trading and derivatives markets, we respectfully suggest that the Proposed Rule would do nothing to "facilitate exercise of market discipline by other market participants", which is the stated goal of the Proposed Rule [65 F.R. 20396]. Instead, our own experience with lenders and counterparties in the wake of LTCM indicates that such market participants learned a hard lesson from what could be viewed as a collective lapse of judgment and complacency towards LTCM which they are unlikely to repeat. Quarterly public disclosure of inherently stale data from a narrow band of market participants (CPOs), which adheres to no standardized methodology and is therefore not comparable, will not be useful to these institutions. Indeed, it seems to us axiomatic that our lenders and counterparties, all of which are sophisticated institutions, are themselves best able to perform risk management functions and conduct their own credit analyses based on information they themselves may require because they internally determine it to be meaningful. The inquiries and stress testing that

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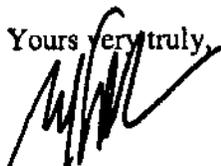
and conduct their own credit analyses based on information they themselves may require because they internally determine it to be meaningful. The inquiries and stress testing that constitute an "exercise of market discipline" is a burden which falls squarely and properly on market participants. Renaissance believes that adoption of the Proposed Rule would only obfuscate the issue of where that burden should properly lie by providing a false sense of regulatory security.

In our view, the Proposed Rule suffers from a number of other fatal flaws. The systemic risk posed by LTCM is not principally a futures issue; large, highly leveraged private hedge funds similar to LTCM are predominantly users of the securities markets, and futures markets only to a much lesser extent. The Proposed Rule does not distinguish between significant futures users and large securities traders to which futures are merely incidental. For the CFTC to regulate what is really primarily a securities-related risk with no Congressional mandate is at best premature and at worst akin to the proverbial tail wagging the dog. Moreover, the picture that would be presented by disclosures required by the Proposed Rule would reflect such a small portion of market users (non-CPOs, including institutional investors other than hedge funds, which we believe represent the bulk of market participants, being conspicuously absent) as to render it misleading.

We note as well that reports based on "VAR with a stated degree of certainty" is basically a subjective standard, easily susceptible to manipulation. Once made, we are concerned that these disclosures take on a life of their own and create potential liability for CPOs to which other hedge fund managers are not subject, a result which is burdensome and fundamentally unfair.

Renaissance appreciates the opportunity to express to the CFTC its views on the Proposed Rule.

Yours very truly,



Mark Silber  
Vice President