

# LEHMAN BROTHERS

COMMODITY FUTURES  
TRADING COMMISSION  
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98-14  
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CHARLES P. NASTRO  
MANAGING DIRECTOR  
DIRECTOR OF FUTURES

COMMENT

APR 20 1 26 PM '98

April 17, 1998

Ms. Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

Re: Two-Part Documents for Commodity Pools  
NFA Compliance Rule 2-35 Interpretative Notice

COMMODITY FUTURES  
TRADING COMMISSION  
RECEIVED FOR  
PUBLIC RECORD  
APR 21 1 34 PM '98

Dear Ms. Webb:

We appreciate the opportunity to provide comments on the proposed amendments to Commodity Futures Trading Commission ("CFTC") Regulations 4.24(v), 4.25(a)(2) and 4.25(c)(5), which would be required to permit the use of two-part disclosure documents for commodity pools as set forth in the National Futures Association ("NFA") Compliance Rule 2-35 and the related Interpretative Notice.

We strongly support the use of the two-part disclosure document for commodity pools as proposed by NFA Compliance Rule 2-35 and the Interpretative Notice and thus recommend that the CFTC amend CFTC Regulations 4.24(v), 4.25(a)(2) and 4.25(c)(5) and approve NFA Compliance Rule 2-35. Commodity Pool Disclosure Documents, like prospectuses for initial public offerings, have become too large and complex, with excessive detail and extended discussions of legal verbiage and, consequently, are not very user friendly. Given the detail in these disclosure documents, many prospective investors may not even read the Disclosure Document before making an informed decision about whether to invest in the commodity pool or not. Other investors may not be sophisticated in legal or financial terms regarding a commodity pool. Thus, the current version of these disclosure documents under Part Four of the CFTC regulations do not necessarily provide a meaningful document. A two-part disclosure document for commodity pool, we believe, should prove to be very useful and would provide disclosure in a clear and concise manner to all investors regardless of their investment sophistication.

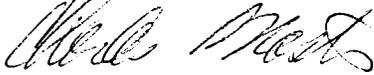
LEHMAN BROTHERS INC.

3 WORLD FINANCIAL CENTER NEW YORK, NY 10285-0900 TEL 212 526 8742 FAX 212 528 7992

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Two-Part Disclosure Document  
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We also believe that the adoption of the two-part disclosure document for commodity pools, in particular the recommended principles set forth in the Interpretative Notice to NFA Compliance Rule 2-35, will be another useful tool regarding more effective customer protection and will enhance the ability of commodity pool operators to provide more meaningful disclosure to prospective investors. We therefore encourage the CFTC to adopt the proposed amendments to CFTC Rules 4.24 and 4.25 and to approve NFA Compliance Rule 2-35 as set forth in the Federal Register.

Very truly yours,



Charles P. Nastro

Cc: Michael Greenberger, Division of Trading and Markets  
Leanna Morris, Division of Trading and Markets  
Alan Seifert, Division of Trading and Markets