



Commodity  
Accounting  
Systems

COMMENT

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COMMODITY FUTURES  
TRADING COMMISSION  
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CFTC

July 2, 1998

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

Re: Performance Data and Disclosure for Commodity Trading  
Advisors and Commodity Pools

Dear Sirs:

I have read your Pre-publication version of the above mentioned document. I have two suggestions that may have bearing on your proposal.

I have been involved with CTA's and CPO's and their disclosure documents for many years. I have seen many different trading programs and ways to present the results.

Point #1. I believe maximum drawdown is a good concept. However, I believe using month-end values to derive the drawdown figures is very misleading. Of accounts that I have seen closed due to trading losses, the peak-to-valley drawdown almost never can be accurately seen from month-end values. There should be a more frequent time-interval chosen for measuring this revealing statistic.

Point #2. I also believe a vital risk statistic for all CTA's and CPO's is a disclosure of closed accounts and withdrawn investors. For example, for closed accounts, a table showing number of closed accounts, invested dollars, withdrawn dollars, net performance. Perhaps the table could be broken into profitable accounts and un-profitable accounts and maybe a yearly summary for the last 5 years would be beneficial. For pools, a similar table showing terminated investors would be useful.

Sincerely,

*Steven R. Boucke*  
Steven R. Boucke  
President

1039 Serpentine Lane  
Suite G  
Pleasanton, CA 94560

Tel: 510 485 0282  
Fax: 510 485 0698

