

Robert S. Mancini
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December 27, 2000

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

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RECORDS SECTION
COMMENT

Re: Proposed Amendment to Rule 32.13(g)
Concerning Trade Options On
Enumerated Agricultural Commodities --
65 Fed. Reg. 77838 (December 13, 2000)

To the Commodity Futures Trading Commission:

On behalf of The Goldman Sachs Group, Inc. and its subsidiaries, Goldman, Sachs & Co. ("GS & Co.") and J. Aron & Company ("J. Aron"; J. Aron, GS & Co. and their affiliates are referred to herein collectively as "Goldman Sachs"), we are pleased to comment on the Commission's Notice of Proposed Rulemaking Concerning Trade Options On Enumerated Agricultural Commodities, 65 Fed. Reg. 77838 (December 13, 2000) (the "Notice"). We strongly support the extension of the exemption from the ban on agricultural trade options to transactions between parties with sufficient net worth and commend the Commission for its efforts on this important issue.

GS & Co. is a full service investment bank, and is registered with the Commission as a futures commission merchant, commodity trading advisor and commodity pool operator, and with the Securities and Exchange Commission as a broker-dealer and investment adviser. J. Aron and its affiliates provide a complete range of trading and hedging services for producers, refiners and consumers worldwide in markets for crude oil, petroleum products, natural gas and selected precious and base metals, and develop investment products for investors seeking to invest in commodities. J. Aron is also responsible for the management and trading of the Goldman Sachs Commodity Index (the "GSCI"), which is the performance benchmark for investment in a basket of commodities, including a number of agricultural commodities, and is used by investors to diversify risk and hedge exposure.

In connection with the foregoing activities, J. Aron is a major user of the futures, options, forward and cash markets. It has had extensive experience utilizing exchange-traded futures and options on such commodities and regularly trades in the over-the-counter forward and swap markets and structures customized swap products for hedging and risk management purposes. In addition, it has utilized trade options as both a grantor and purchaser of such option contracts on metals, energy products, and coffee and other soft commodities, as well as foreign currencies. Its affiliate, J. Aron & Company (U.K.) Limited, also purchases and sells commodities in foreign markets and trades over-the-counter trade options and other instruments.

Goldman Sachs has long supported the Commission's initiatives to permit, and expand the availability of, agricultural trade options. In comment letters on prior Commission initiatives, Goldman Sachs has expressed its belief that agricultural product markets and users would benefit from the customized hedging and risk management alternatives provided by trade options and has recommended that the Commission propose lifting the ban on agricultural trade options. See e.g., Comment Letter dated August 5, 1997 in response to the Commission's Advance Notice Proposed Rulemaking Concerning Agricultural Trade Options, 62 Fed. Reg. 31375 (June 9, 1997). In particular, we recommended that, to the extent the Commission believed that additional regulatory protections were necessary for less sophisticated users of agricultural trade options, the Commission consider implementing a limitation on the financial qualifications of eligible participants.

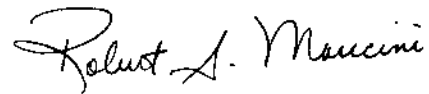
We believe that the Notice represents a significant advance in extending the benefits of agricultural trade options to a broader range of market participants. This in turn will provide substantial benefits to all market participants, including agricultural and other commercial entities. As a result, market participants with exposure to risks related to agricultural commodities will be able to diversify their risk management tools through the use of trade options along with other types of products. Moreover, opening up the market for agricultural trade options to entities that satisfy the net worth test will expand market liquidity, which will allow hedgers and others to trade in a more efficient and cost effective manner.

We also note that the approach reflected in the Notice is consistent with the approach taken by the Commission in its New Regulatory Framework. See, Exemption for Bilateral Transactions, 65 Fed. Reg. 78030 (December 13, 2000) (the "Framework") and by Congress in the recently enacted Commodity Futures Modernization Act of 2000 ("CFMA"). Both the Framework and the CFMA provided substantial relief to parties satisfying certain net worth or other criteria in connection with a broad variety of off-exchange transactions, although not those related to agricultural commodities. We believe that the premise underlying the Framework, the CFMA and the Notice is sound and should be extended to agricultural trade options. Limiting agricultural trade option transactions in the manner proposed in the Notice will provide ample protection to less sophisticated market participants while still allowing those entities that can benefit from

agricultural trade options to avail themselves of these products. We therefore strongly support the proposed change to Commission Rule 32.13 reflected in the Notice.

Goldman Sachs appreciates the opportunity to comment on the Notice and stands ready to provide any further assistance which may be helpful to the Commission in its consideration of these issues.

Sincerely,

A handwritten signature in cursive script that reads "Robert S. Mancini". The signature is written in black ink and is positioned above the printed name.

Robert S. Mancini