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LIND-WALDOCK & COMPANY

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March 25, 1998

COMMENT

Ms. Jean A. Webb
Secretary of the Commission
Commodity Futures Trading Commission
1155 21st Street NW
Washington, D.C. 20581

Re: Early Warning Requirements, 63 Fed. Reg. 22188

Dear Ms. Webb:

This letter serves as Lind-Waldock & Company's ("LWC") response to the Commodity Futures Trading Commission's ("CFTC") request for comment on the proposed rulemaking regarding rule 1.12, the CFTC's early warning requirements. LWC understands the importance of the Commission's financial surveillance and supports its efforts to ensure the financial integrity of the marketplace. The primary concern LWC has with the proposed rule change is the requirement that an FCM immediately report when it:

"knows or should know that funds segregated for customers trading in U.S. markets or set aside for customers trading non-U.S. markets are less than the amount required to be segregated or set aside by the Act or Commission rules".

Specifically, the rule does not define the circumstances under which an FCM "should know" of such an adverse condition. LWC's concern is that the language is unclear and may be interpreted to require intraday or ongoing segregation calculations. Because LWC is a company with a large number of accounts, an early warning situation could be very difficult to anticipate, as the Commission acknowledges in the Federal Register release. As such, LWC requests clarification of the language set forth in the Commission's proposed rulemaking. In its current form, the language suggests an onerous operational undertaking for firms with a large number of smaller accounts. If in fact the Commission intends to acknowledge such situations by allowing for the reporting requirement to remain at noon the following business day, LWC would appreciate more specific language to that effect.

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Finally, we also support the industry suggestion that FCM's be required to report such a condition only to its DSRO (as opposed to both the DSRO and the CFTC), which can provide a single, more efficient conduit for information sharing.

Lind-Waldock appreciates the opportunity to comment on the proposed rulemaking. If you have any questions, please call me at (312) 455-3590.

Sincerely,

A handwritten signature in black ink, appearing to read 'Martin Doyle', written in a cursive style.

Martin Doyle
General Counsel