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March 28, 2016

VIA ELECTRONIC DELIVERY

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: **Investment Company Act Release No. IC-31933 (File No. S7-24-15)**

Proposed Rule on the Use of Derivatives by Registered Investment Companies and Business Development Companies (collectively, "RICs")

Dear Mr. Fields:

Millburn Ridgefield Corporation ("**Millburn**") is pleased to have the opportunity to provide comments to the U.S. Securities and Exchange Commission ("**Commission**" or "**SEC**") on its proposed rule on the "Use of Derivatives by Registered Investment Companies and Business Development Companies" (the "**Proposed Rule**").[1]

Before sharing our thoughts on the Proposed Rule, we would like to first acknowledge, and indeed applaud, the Commission's efforts to protect investors. We generally support efforts by the Commission to establish rules that protect investors from potential and real harm. However, there are many aspects of the Proposed Rule that we find troubling and we would like to note some of those aspects, as well as suggest what we believe to be the most sensible approach. Our focus in this letter will be on the impact of the Proposed Rule on RICs that employ a managed futures investment strategy ("**Managed Futures Mutual Funds**").

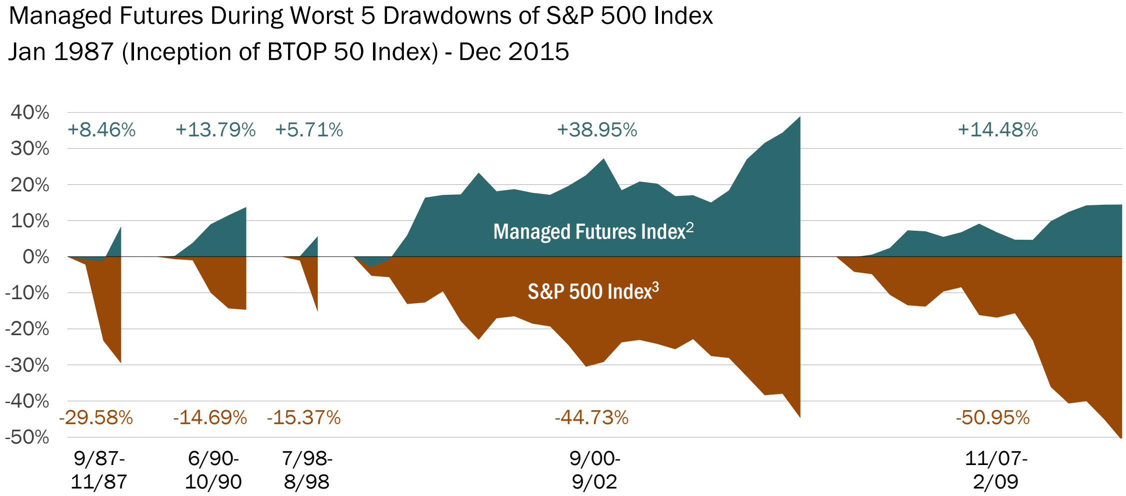
[1] 80 Fed. Reg. 80884 (Dec. 28, 2015) ("**Proposing Release**").

1) **We believe that Managed Futures Mutual Funds are of great value to investors and that investors should not be deprived of an efficient means of investing in managed futures through RICs, a type of vehicle specifically designed for the protection of investors.**

The managed futures investment strategy employed by Managed Futures Mutual Funds has historically provided investors with valued diversification, especially in periods of stress in the equity and bond markets, which feature so prominently in a typical investor portfolio. As demonstrated by the tables and charts below, the value of managed futures investment strategies can be seen by looking at the non-correlated performance of managed futures strategies[2] during various periods of stress experienced by equities markets.[3] During these periods of financial crisis and negative performance in the equities markets, managed futures strategies generally provided positive returns, thus tempering losses that investors experienced in equities markets. Overall historically, and not just during periods of market stress, this investment strategy has been non-correlated to the equity and debt markets as well. Of course, it should be noted that **past performance is not indicative of future results**. However, we believe a historical study may have some relevance to this discussion.

[2] For purposes of this discussion, we have used the Barclay BTOP 50 Index as a proxy for the performance and statistical data representing the managed futures investment strategy. We believe this is an appropriate representation of the strategy, as the BTOP 50 is an investable index that seeks to replicate the overall composition of the managed futures industry. The largest investable trading advisor programs, as measured by assets under management, are selected for inclusion in the BTOP50. In each calendar year, the selected trading advisor programs represent, in aggregate, no less than 50% of the investable assets of the Barclay Commodity Trading Advisor Universe. For 2015, there were 20 funds in the Barclay BTOP50 Index. Source: eVestment. The performance of the BTOP 50 Index is not the performance of any individual managed futures strategy; and the performance of any such strategy may vary substantially from the performance of this Index.

[3] For purposes of this discussion, we have used the S&P 500 Index as a proxy for the performance of equities markets generally and statistical data representing the equities markets. We believe this is an appropriate representation of the performance of the equities markets generally and that mutual funds tracking the performance of this particular index are included in many typical investment portfolios. S&P 500 Index is an unmanaged, capitalization weighted benchmark index that includes the stocks of 500 large capitalization companies in major industries. This total return index includes net dividends and is calculated by adding an indexed dividend return to the index price change for a given time period. Source: eVestment.

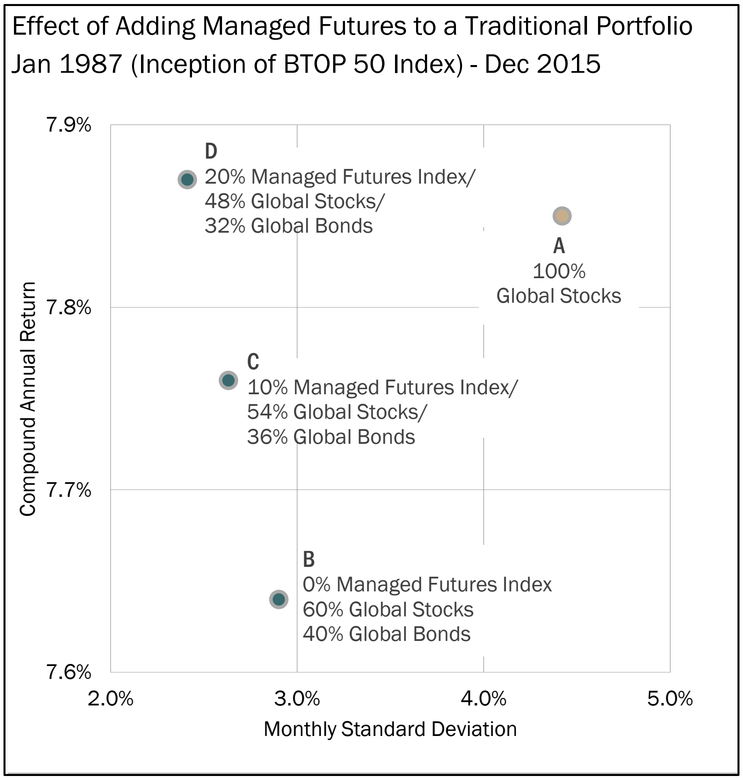


Period	Event	S&P 500[3]	Managed Futures[2]	Difference
Fourth Quarter 1987	Black Monday- Global Stock Markets Crash	-22.5%	16.9%	39.4%
Fourth Quarter 2008	Bear Market U.S. Equities led by Financials	-21.9%	9.1%	31.0%
Third Quarter 2002	WorldCom Scandal	-17.3%	9.4%	26.7%
Third Quarter 2001	Terrorist Attacks on World Trade Center & Pentagon	-14.7%	4.1%	18.8%
Third Quarter 2011	European Sovereign Debt Crisis / Global Growth Fears	-13.9%	1.6%	15.5%
Third Quarter 1990	Iraq Invades Kuwait	-13.7%	11.2%	24.9%
Second Quarter 2002	Continuing Aftermath of Technology Bubble Bursting	-13.4%	8.5%	21.9%
First Quarter 2001	Bear Market in U.S. Equities led by Technology	-11.9%	6.0%	17.9%
Second Quarter 2010	Sovereign Debt Crisis	-11.4%	-1.9%	9.5%
First Quarter 2009	Continuing Bear Market U.S. Equities led by Financials	-11.0%	-1.8%	9.2%
Third Quarter 1998	Russia Defaults on Debt / LTCM Crisis	-9.9%	10.6%	20.5%
First Quarter 2008	Credit Crisis / Commodity Prices Rally	-9.4%	6.4%	15.8%
Third Quarter 2008	Credit Crisis / Government-Sponsored Bailout of Banks	-8.4%	-4.1%	4.3%
Fourth Quarter 2000	DotCom Bubble Bursts	-7.8%	19.8%	27.6%
Third Quarter 2015	China Induced Turmoil	-6.4%	2.3%	8.7%

The charts above, demonstrate the historical non-correlation of managed futures to equity markets. However, the value of managed futures in what may be an even more typical investor portfolio – one including both equities and debt exposure - is demonstrated below, first by graphing the effect a managed futures component may have on a portfolio of global stocks and global bonds and then by presenting various statistics relating to portfolios comprised solely of equities, or a portion invested in equities and debt, and when a managed futures component is introduced. For these examples, MSCI World Index[4] has been utilized as a proxy to represent

[4] MSCI World Index or Global Stocks refers to the MSCI World Index, a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of January 2016 the MSCI World Index consisted of 23 developed market country indices. Source: eVestment.

equities investments and Citi World Government Bond Index[5] has been utilized as a proxy to represent debt markets.[6]



[5] Global Bonds refers to the Citi World Government Bond Index, a capitalization weighted, unmanaged benchmark index consisting of the government bond markets of developed countries. Country eligibility is determined based on market capitalization and investability criteria. All issues have a remaining maturity of at least one year. The Index is rebalanced monthly. Source: eVestment.

[6] It should be noted that there can be no assurance the results portrayed in the charts below will occur in the future. Adding managed futures to a portfolio will only increase returns of the portfolio if managed futures produces a higher return than at least one of the other portfolio components over the period presented. These charts and statistics are presented for illustrative purposes only and not as a recommendation that any investor should allocate any portion of his or her portfolio to managed futures.

THE FOREGOING PRESENTATION DOES NOT REPRESENT ANY ACTUAL PORTFOLIO COMPOSITION BUT ONLY THE POSSIBLE RESULTS THAT MIGHT HAVE OCCURRED HAD MANAGED FUTURES BEEN INCLUDED IN A TRADITIONAL PORTFOLIO DURING THE PERIOD SHOWN. THE RISK OF A MANAGED FUTURES PORTFOLIO INCURRING SUDDEN, MAJOR LOSSES IS NOT REFLECTED IN THESE CHARTS, WHICH ARE BASED ON STATISTICAL AVERAGES OVER TIME.

The following table provides certain statistics regarding various portfolio combinations. We believe these statistics further demonstrate the value of incorporating managed futures in a portfolio, including a reduction in volatility and overall return.

	A	B	C	D
	100% Global Stocks	60% Global Stocks/40 % Global Bonds	54% Global Stocks/35 % Global Bonds/10 % Managed	48% Global Stocks/32 % Global Bonds/20 % Managed
Annualized ROR	7.85%	7.64%	7.76%	7.87%
Annualized Stdev	15.33%	10.05%	9.13%	8.35%
Sharpe Ratio (2% rfr)	0.38	0.56	0.63	0.7
Largest Drawdown	-53.65%	-32.44%	-28.29%	-24.02%
No. of Losing Years	8	8	8	7
Average Losing Year	-14.48%	-6.12%	-4.88%	-4.17%
Years Losing > 5%	6	4	3	2
Best Year	33.76%	26.22%	25.15%	25.46%
Worst Year	-40.33%	-19.84%	-16.50%	-13.16%
Value of $1,000	$8,948	$8,449	$8,741	$8,996

In recent years, managed futures strategies have become available for investment in a RIC format, making those strategies that had been traditionally only available to accredited investors, available more readily and efficiently to less sophisticated investors seeking the benefits of portfolio diversification and non-correlation. This trend has enabled investors to avail themselves of these benefits, while also benefiting from the enhanced investor protections of a RIC, including but not limited to, increased liquidity, transparency, portfolio diversification, regulatory oversight and supervision by a majority-independent board of directors.

We believe that, as demonstrated above, the value of managed futures as part of an overall portfolio allocation is clear and demonstrable.

In the Proposing Release, the Commission correctly pointed out that a strategy utilizing derivatives can be offered as a private fund rather than in the form of a RIC, thus making these strategies available to investors even if they cannot accommodate the Proposed Rule. We believe this would deprive those investors who are not wealthy or sophisticated enough to satisfy the eligibility requirements imposed on private funds of a strategy that has demonstrated the historical protections of non-correlation and diversification in a RIC format that provides the even greater protections discussed above. Thus, it would have the perverse effect of denying this value to those investors that arguably need it the most or, if they find another way to invest in this strategy, denying them the protections afforded to investors in a RIC. We believe that investor protection concerns demand that managed futures strategies continue to be made available within a RIC construct.

2) We believe that protections such as those in the Proposed Rule should not be so broad as to deprive investors of the availability of Managed Futures Mutual funds.

We acknowledge the Commission's policy objective to protect investors from the potential risks of leverage from RICs' use of derivatives.[7] However, if adopted without modification, we are concerned that the Proposed Rule would have the effect of proscribing the availability of a managed futures strategy in a RIC. Instead, it would force Managed Futures Mutual Funds to alter their investment programs so as to accommodate the new rule in a manner that would undermine the benefits of including a Managed Futures RICs within a portfolio.

The Proposed Rule is, in part, based on limits placed on the notional value of a RIC's portfolio. We believe that, instead, a margin-based approach to the management of RICs would be both more appropriate and effective. The posting of margin has for many years served as an effective way in which to ensure that a managed futures investment strategy maintains the assets necessary to cover its anticipated obligations. Margin amounts are marked-to-market daily and adjusted frequently and routinely on the basis of actual market risk, measured by those who study it and monitor it continuously. We posit that this margin approach was selected to apply to derivatives markets, because it accurately reflects risk. Therefore, it seems to be sensible for the Commission to adopt what is an existing and effective framework for dealing with risk rather than creating a new, untested and, we believe, unnecessary notional-based approach. Rather, we suggest that, if it is determined that additional protection is needed in this context, the Commission should base its approach on a modification of margin, incorporating the idea that a combination of segregating assets for margin, thus ensuring their availability to cover a RIC's obligations, should be sufficient to protect investors. If the Commission feels that additional protection is necessary, we suggest that a RIC have the option of maintaining a multiple of margin (perhaps a multiple of 1.5 or 2) as a segregated amount with the RIC's custodian, which amount should be reduced by any assets actually posted as margin. We believe that this approach is the simplest and easiest manner in which to accomplish both investor protection goals and at the same time avoid depriving investors of what we believe we have demonstrated to be a desirable asset class to make available in the format of a RIC. Indeed, during all recent periods of stress in the markets, this suggested multiple of margin would have been more than adequate to achieve the stated investor protection purposes.

We believe the other notional-based approach suggested in the Proposed Rule would be unnecessarily complex and overly restrictive to accomplish the stated goals of the Proposed Rule, while lessening and perhaps eliminating the value of Managed Futures Mutual Funds as part of an investor's overall portfolio. We further suggest that the approach taken by the Commission should be narrowly tailored to address a perceived and demonstrable threat to investor protection. We are not aware of any Managed Futures Mutual Fund that has experienced the drastic type of event that the Commission seeks to protect investors from. Accordingly, we believe that the Proposed Rule is not narrowly tailored enough in order to address the perceived threat. If there is such a threat, we urge the Commission to more clearly

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[7] Proposing Release at 80885-86.

demonstrate that the Proposed Rule, and in particular, the proposed notional-based portfolio limitations, would have mitigated previous problems caused by RICs' use of derivatives, or would solve for anticipated problems caused by their use of derivatives. Indeed, a decision by the Commission to adopt a rule that could cause a portion of the mutual fund industry to cease offering strategies that use derivatives to retail investors, or to cease their operations altogether, demands clear rulemaking justification and analysis.

3) We believe that adequate protections are already inherent in the current system so as to make further Commission rulemaking unnecessary

The Commission has long maintained a consistent approach to RICs' trading of derivatives, based on no-action guidance on asset segregation, based on the idea that a derivative that is offset or covered by daily segregation of eligible assets is not a senior security. It appears that the Commission is now proposing to abandon these previous positions in favor of designating derivatives as senior securities under Section 18 of the 1940 Act. As a result, those derivatives would become subject to the provisions of the Proposed Rule.

We believe this departure from prior positions, on which RICs and their advisers have relied in business planning, incurring substantial time and effort and substantial opportunity cost as well, should not be effected without a pressing need or justification. In our view, the Commission's sudden departure from its long-established and relied upon policy lacks sufficient justification, especially when a margin-based approached such as that described above would adequately and sufficiently accomplish the goal of investor protection without having a draconian effect on Managed Futures Mutual Funds.

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If the Commission does proceed with adopting leverage limits and certain other aspects of the Proposed Rule, we respectfully urge the Commission to consider our proposed recommendations and requests for the final rule. We suggest that the Commission's policy objective to protect investors would be well-served by establishing a better balance between authorizing RICs to use derivatives for hedging, risk-mitigation and investment purposes, and imposing reasonable, practical restrictions that address the risks derivatives may present to RICs and their investors.

Thank you for your attention to this matter and the Commission's diligent work in protecting investors. These efforts greatly benefit our industry as a whole. We would welcome the opportunity to meet in person with the Commission staff working on the Proposed Rule in order to further clarify and discuss an appropriate approach to these matters.

If you have any questions or if we can provide any additional information that may assist the Commission and its staff, please contact Steven M. Felsenthal at [redacted].

Respectfully submitted,

/s/ Steven M. Felsenthal

Steven M. Felsenthal
General Counsel and Chief Compliance Officer
Millburn Ridgefield Corporation

cc: The Honorable Mary Jo White
The Honorable Kara M. Stein
The Honorable Michael S. Piwowar
Diane C. Blizzard, Associate Director
Division of Investment Management