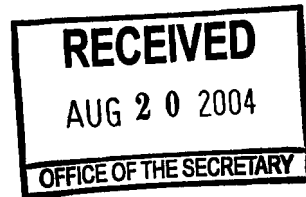


August 19, 2004

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609



Re: Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Treatment of Commodity Pool Trail Commissions
Release No. 34-50065
File No. SR-NASD-2004-108

Dear Mr. Katz:

We are writing to you to offer our firm's comments on the above-referenced rule change.

Our firm – Beacon Management Corporation (“Beacon”) – is a Princeton, NJ-based Commodities Trading Advisor. Beacon was founded in 1982, and its principals average over 25 years of experience in finance and investment management. Beacon currently offers a variety of managed futures products to institutional and high net worth investors. We are in the process of structuring a publicly offered commodity pool, and are consequently very interested in the treatment of trail commissions. Based on our experience in the marketplace, we believe there are several compelling reasons for the Securities and Exchange Commission (the “SEC”) to suspend implementation of the proposed rule change by the National Association of Securities Dealers (the “NASD”):

1. the NASD rule change is not in the public interest;
2. NASD engaged in a “rush to judgment” in arbitrarily dismissing the objections raised by futures industry participants and other concerned parties during the comment period;
3. the implications of this rule change are far more wide-ranging than we believe the SEC would deem advisable or warranted; consequently this issue requires further study; and
4. the NASD proposal represents a de facto rule change and should have been subject to the appropriate approval process;

The NASD rule change is not in the public interest.

The growth of managed futures public offerings is clearly in the public interest. These products supply both: i) needed diversification to small investors who do not have the capital or expertise to directly invest in managed futures; and ii) a previously untapped source of capital to hedgers. We believe that implementation of the proposed NASD rule will inevitably cause publicly-offered futures products to become scarce, if they do not disappear from the marketplace altogether.

The complex nature of the futures markets requires a higher level of education and oversight to be undertaken by sellers of commodity fund products. The sources and patterns of returns from a commodity fund are substantially different than those of traditional asset classes and

consequently, the selling agent must provide more ongoing support to the investor. In order to ensure that sellers are qualified to provide this support, the requirement of the Series 3 or 31 exams was established. Ongoing trail commissions compensate brokers for this ongoing support effort.

Promoters of public funds already face substantially higher regulatory and financial hurdles compared to private pools. When these higher costs are combined with the loss of marketing support (paid for by the trails), many promoters will simply choose not to issue new products. Instead, they will restrict themselves to offering new products to accredited investors only, leaving a large class of investors unable to access this type of diversifying asset.

NASD engaged in a “rush to judgment” in arbitrarily dismissing the objections raised by futures industry participants and other concerned parties during the comment period.

In reviewing the above-referenced notice of a proposed rule change, it must be pointed out that the NASD has not provided any evidence to support their assertions that this rule change will not impact the availability of commodity funds to the public, or harm the public interest. Input and expert testimony from the industry and industry organizations to the contrary was summarily dismissed. We believe however, that the fact that every comment letter received by NASD from an industry source was unanimously opposed to this rule change, suggests that the objections to the NASD rule change stem from more than mere self interest, and that the unanimity in support of the position that the rule change is not in the public interest is credible, and merits serious consideration in arriving at an informed conclusion regarding the new rule.

The implications of this rule change are far more wide ranging than we believe the SEC would deem advisable or warranted; consequently this issue requires further study.

Industry representatives such as the MFA have offered a diametrically opposing assessment of the implications of this rule change than offered by the NASD. We also feel strongly that the proposed new rule constitutes an extreme change in the client support structure for public commodity funds, as well as the compensation structure.

Under the circumstances, before such a drastic, unpopular, perhaps very harmful industry changing rule is implemented, we believe strongly that the SEC and NASD should undertake a study (with support from the NFA and MFA) to assess the real impact this rule change would have. In the interim, in order to avoid market disruption, we strongly encourage the SEC to immediately suspend implementation of this rule change subject to further study.

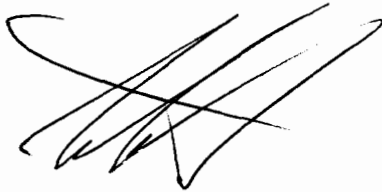
The NASD proposal is a de facto rule change and should have been subject to the appropriate approval process.

The NASD's assertion that this rule change constitutes “a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule” is without merit. Over the last 20 year, the managed futures industry has built an entire regulatory and legal framework fashioned around the NASD's exclusion of trail commissions from the limitations in NASD Rule 2810. The industry has formed self-regulatory organizations which

now shape how business is conducted pursuant to this long standing policy. The NASD has, in fact, approved hundreds of offerings pursuant to the existing policy. We believe, given the long standing and uniform application of this exclusion by the NASD, that this action truly constitutes a rule change.

For the reasons stated above we respectfully request that the SEC intervene immediately and either overturn this rule change or at least suspend implementation of this rule subject to further study.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark S. Stratton', with a large, sweeping flourish extending to the right.

Mark S. Stratton
President
Beacon Management Corporation

cc: John G. Gaine, President, Managed Funds Association