

December 2, 2010

Mr. David A Stawick
Secretary
Commodity Futures Trading Commission
1155 21st street NW
Washington DC 20581

Re: Investment of Customer Funds and Funds Held in an Account for Foreign futures and Foreign Options Transactions, 75 Fe.Reg. 67642 (November 3, 2010)

Dear Mr. Stawick:

J.P. Morgan Futures Inc. (JPMFI) respectfully submits these comments regarding the Commodity Futures Trading Commission's (Commission's) request for comment on the proposed amendments to Commission Rule 1.25, Investment of Customer Funds, and Rule 30.7, Treatment of Foreign Futures or Foreign Options Secured Amount.

JPMFI agrees with the Commission that the rules governing the investment of customer assets must be "consistent with the objectives of preserving principal and maintaining liquidity" and that assets should be "invested in a manner that minimizes their exposure to credit, liquidity and market risks both to preserve their availability to customers and DCOs and to enable investments to be quickly converted to cash at a predictable value in order to avoid systemic risk." JPMFI concurs with the various points the Futures Industry Association and the International Swaps and Derivatives Association (collectively, Associations) express in their comment letter.

As with the Associations, although we support and share the Commission's goals, we are unable to support the Proposed Amendments in their entirety. JPMFI particularly notes the proposals to (i) prohibit entirely investments in securities of government sponsored enterprises ("GSEs") (unless such securities are guaranteed as to principal and interest by the United States) and all foreign debt, (ii) limit the investment in money market mutual funds to 10 percent of investible assets held in segregation and (iii) prohibit repurchase and reverse repurchase transactions with affiliated banks and registered broker-dealers.

As noted by the Associations, GSE securities have remained highly liquid, and these government sponsored enterprises serve an important public purpose. JPMFI believes that prohibiting entirely investments in these securities would not be appropriate and agrees with the recommendation to permit investments in agency securities subject to the conditions mentioned in the Associations' comment letter.

JPMFI believes that the concentration limits the Commission has proposed in regard to money market mutual funds are too restrictive and unnecessary considering the SEC's recent revisions to Rule 2a-7 which significantly enhance the safety and transparency of such funds. We maintain that money market mutual funds constitute an appropriate

investment, providing an efficient and effective means of investing customer funds that are no less safe than direct investments in securities permitted under Rule 1.25. JPMFI agrees with the Associations' proposed concentration limits of (i) an FCM's investment in any one money market mutual fund not exceeding 5 percent of assets under management in that fund, (ii) that no more than 15 percent of the total assets held in segregation may be invested in any one family of money market mutual funds, (iii) investments in money market mutual funds would not be permitted to exceed 50 percent of the total assets held in segregation.

JPMFI does not support the proposed amendment to prohibit FCMs from entering into repurchase and reverse repurchase agreements with bank and broker-dealer affiliates and limiting the transaction amount with any one permitted counterparty to 5 percent of total assets held in segregation. JPMFI concurs with the Associations' comments that FCMs have much greater certainty with respect to the securities received and are exposed to substantially less counterparty risk to the extent that they enter into transactions with affiliates. In addition, imposing a concentration limit of 5 percent may actually decrease liquidity and increase operational and systemic risk.

For these reasons, JPMFI strongly supports the Associations' comment letter. We appreciate the opportunity to offer these comments. If any member of the Commission or its staff has any questions, please contact the undersigned at 312-325-3344.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Peter G. Johnson', with a long, sweeping flourish extending to the right.

Peter G. Johnson
Managing Director
J.P. Morgan Futures Inc.