



MANAGED FUNDS ASSOCIATION

October 15, 2007

VIA ELECTRONIC MAIL:

rule-comments@sec.gov

Attention: Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Proposed Rule Change by American Stock Exchange Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934 To List and Trade Shares of Nuveen Commodities Income and Growth Fund; File Number SR-Amex-2006-96

Dear Ms. Morris:

We have reviewed a copy of a proposed rule change by the American Stock Exchange (“Amex”) pursuant to Rule 19b-4 under the Securities Exchange Act of 1934, dated September 19, 2007 (File Number SR-Amex-2006-96), to list and trade shares of Nuveen Commodities Income and Growth Fund under new Amex rules 1600 *et. seq.* (the “Proposal”). Although we support the development of closed-end exchange-listed commodity pools, we have certain concerns with respect to the Proposal as it may be applied to future offerings of closed-end exchange-listed commodity pools. We hope the Commission and its staff will consider and address our concerns in any notice and/or approval order issued by the Commission. Our concerns are set forth below. Capitalized terms used and not defined in this letter have the meaning given in the Proposal.

Disclosure and Updating of Portfolio Holdings on each Business Day.

Nuveen Commodities Income and Growth Fund (the “Fund”) is a closed-end¹ commodity pool. The Fund does not propose to engage in a continuous offering of its shares and the Fund does not permit any holder of its shares to redeem them. An investor’s only expected source of liquidity with respect to its investment in the Fund’s shares is the ability to sell them on the Amex at the market price per share. The market price per share may or may not correspond to

¹ By the term “closed-end”, we refer to a fund that is not offering for sale and does not have outstanding any redeemable security of which it is the issuer. By the term “redeemable security” we refer to any security under the terms of which the holder, upon its presentation to the issuer or a person designated by the issuer, is entitled (whether absolutely or only out of surplus) to receive approximately such holder’s proportionate share of the issuer’s current net assets, or the cash equivalent thereof.

the Fund's net asset value per share, depending upon the demand for and supply of shares of the Fund from time to time, and investors' perception of the Fund relative to other asset classes, investment strategies and investment styles. The Fund is not an "exchange-traded fund" or "ETF" that stands ready to create new shares continuously in baskets at net asset value per basket upon the order of a limited number of qualified institutions that are in privity of contract with the issuer and stands ready to redeem shares in baskets at net asset value per basket on any business day upon presentment by a limited number of qualified institutions that are in privity of contract with the issuer.

It is routine for ETFs to publish daily their portfolio holdings. However, the purpose of such disclosures is to facilitate orders for the creation or redemption of shares in baskets. Most ETFs require an institution that desires to create a basket of shares to make a contribution of securities or other assets to the ETF, in kind, within certain carefully circumscribed limitations as to the composition of the basket of assets being contributed. Similarly, most ETFs distribute assets, in kind, in connection with redemptions of their shares in baskets. The composition of the basket of assets distributed generally resembles the composition of the ETF's overall portfolio. Consequently, daily portfolio composition information is critical to the functioning of the daily creation and redemption process of ETF shares. Even with respect to those ETFs that permit or require contributions or distributions of cash in connection with creations and redemptions of their shares in baskets, the institutions engaging in creation or redemption transactions typically will want to hedge their exposure to the ETF and its portfolio investments during the period between the submission of a creation or redemption order and the closing of the creation or redemption transaction, either by the issuance of new shares in the ETF (in the case of creations) or the distribution of cash or assets from the ETF (in the case of redemptions). In either case, the daily portfolio holdings publication requirement serves to facilitate creations and redemptions of ETF shares in baskets. The undisputed purpose of the creation and redemption terms of ETFs is to cause the market price per share of the ETF shares to track net asset value per share, without retarding the development of a robust secondary market in the ETF shares.

ETFs are able to provide daily portfolio holding information because they are index-tracking vehicles, or vehicles whose investment activity is limited by very strict rules as to portfolio composition. Transparency is one of the principal purposes and defining characteristics of an ETF, comparable to the principal purposes and defining characteristics of an index mutual fund.

However, we respectfully submit that the daily portfolio holdings reporting requirement is inappropriate in the context of a closed-end fund, especially a commodity pool, for the following reasons.

Lack of Commercially Reasonable Purpose. The daily publication of portfolio holdings requirement was designed for ETFs, in order to facilitate creations and redemptions of ETF shares in baskets on any business day, with a view to causing the ETF's market price per share to track its net asset value per share, without retarding the development of a robust secondary market in the ETF's shares. This concern does not exist in the case of a closed-end fund that



does not propose to issue shares continuously and does not issue redeemable shares. There is no mechanism in the design of the Fund that is intended to cause market price per share to track net asset value per share. In this regard, the Fund is dependent entirely on forces of supply and demand in the secondary market, the only source of investment liquidity in the Fund's shares, and the market price per share may be at a significant premium or discount to net asset value per share from time to time, depending on supply and demand for shares of the Fund in the market, and the perception of the Fund as an investment opportunity by comparison to other asset classes, investment strategies and investment styles. In summary, the daily publication of portfolio holdings requirement appears to be a holdover from listing rules designed for ETFs and serves no commercially reasonable purpose in the context of a closed-end fund.

Potential Harm to Investors; Frustration of Innovation. The daily publication of portfolio holdings requirement would harm investors and is likely to frustrate the development of other closed-end exchange-traded commodity pools in the future. Closed-end commodity pools are potentially valuable vehicles to provide investors exposure to active commodity futures management strategies (as opposed to an index-tracking vehicle or other fund with strictly limited investment activities and portfolio composition rules). Fundamental or trend-following managed futures strategies should be able to be made available to investors in similar closed-end structures. However, it is a time-honored and statutorily-endorsed practice that no one discloses futures and related options positions on futures markets; in fact, because of the market sensitivity of such information, Congress has barred even the Commodity Futures Trading Commission from making such information public. See 7 U.S.C. § 12. The daily publication of a commodity pool's portfolio holdings would harm investors and contravene that sound policy because other market participants would know the pool's trading positions, could reverse-engineer its trading strategies, adapt their trading to profit from this special information and even try to front-run or anticipate the pool's trading activities. This would lead to unwarranted but serious harm to the investors in the exchange-listed pool by enabling others to convert and take for themselves value that properly belongs to the exchange-listed pool and its investors and diminish, or inhibit the growth of, the value of the exchange-traded pool and its assets. The National Futures Association (the "NFA"), the self-regulatory authority of the futures industry under the Commodity Exchange Act, has acknowledged the potential for such information to be misused in a manner that could potentially harm investors in futures trading programs as recently at September 5, 2007 in a published Interpretive Notice relating to NFA Compliance Rule 2-4.²

² NFA Compliance Rule 2-4 states that "Members and Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their commodity futures business." The Interpretive Notice effective September 5, 2007, titled "Misuse of Trade Secrets and Proprietary Information," provides, in relevant part, that conduct that may violate Compliance Rule 2-4 includes "obtaining or attempting to obtain information disclosing a [commodity trading advisor's] historical trading positions without the [commodity trading advisor's] permission" because such activity "could potentially harm futures customers." The Interpretive Notice also states that Compliance Rule 2-4 "prohibits Members and Associates from knowingly or recklessly misusing confidential information or trade secrets in their possession." It should be noted that many participants in the futures markets, including, for example, many investment advisers and hedge funds, are not Members or Associates of the NFA and are not bound by Compliance Rule 2-4 or this Interpretive Notice.



In addition, the requirement that closed-end exchange-traded commodity pools publish their portfolio holdings daily may have the effect of preventing dynamic commodity futures trading strategies from being used by closed-end exchange-traded commodity pools at all. Such strategies are developed by commodity trading advisors over time and at significant expense and constitute carefully-guarded intellectual property of the commodity trading advisor. The daily publication of portfolio holdings provides an opportunity for competitors to reverse-engineer proprietary trading strategies, thereby diminishing the value of the trading advisor's intellectual property. Rather than allow competitors to replicate these strategies, commodity trading advisors may simply avoid accepting closed-end funds as clients altogether, thereby frustrating the development of exchange-traded investment funds that pursue managed futures strategies.

We respectfully submit that to include the daily publication of portfolio holdings requirement in the listing rules for closed-end commodity pools, may, as an unintended consequence, frustrate and inhibit innovation in the securities markets and the development of investment products that could be of significant value to the investing public as part of a diversified portfolio of investments in publicly-offered investment funds and disadvantage investors in those closed-end exchange-traded commodity pools that do emerge by comparison to other futures markets participants.

Analogy to Closed-End Registered Investment Companies. Closed-end exchange-traded commodity pools should be treated in much the same way as closed-end exchange-traded registered investment companies.³ Closed-end exchange-traded registered investment companies have been listed on securities exchanges in the United States since before the Great Depression and have been regulated by the Securities and Exchange Commission under the Investment Company Act of 1940 (the "1940 Act") since its enactment in that year. The parallels between closed-end exchange-traded commodity pools and traditional closed-end exchange-traded registered investment companies are striking: (i) neither engages in a continuous offering of its securities; (ii) neither issues redeemable securities; (iii) each is subject to substantial oversight by the regulatory agency created by Congress and charged with its regulation (the SEC in the case of investment companies and the Commodity Futures Trading Commission in the case of commodity pools); (iv) the securities of each are registered under the Securities Act of 1933; and (v) each is traded on a regulated securities exchange.⁴ Many closed-end registered investment

³ Adopting requirements consistent with closed-end registered investment companies, reporting net asset value no less frequently than weekly and portfolio holdings no less frequently than quarterly, would not prohibit the Fund from adopting policies requiring more frequent, even daily, reporting of net asset value and/or portfolio positions voluntarily, at its own election.

⁴ The listing requirements for closed-end investment companies on the Amex and the NYSE are located in Section 101 of the Amex Company Guide at http://wallstreet.cch.com/AMEXtools/PlatformViewer.asp?SelectedNode=chp_1_1_1&manual=/AMEX/CompanyGuide/amex-company-guide/ and in Section 102 of the Listed Company Manual of the NYSE at http://www.nyse.com/lcm/lcm_subsection.html, respectively. Funds employing managed futures strategies may not be offered as "investment companies," as they do not primarily invest or trade in securities and consequently are neither required nor permitted to register as investment companies under the Investment Company Act of 1940. As a result, a managed futures fund never could be eligible to list under the listing rules for closed-end registered investment companies.



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companies report their net asset value weekly (although some report their net asset value more frequently) and all closed-end registered investment companies are required by the 1940 Act to report their portfolio holdings only quarterly. Closed-end exchange-traded commodity pools should be subject to similar weekly and quarterly reporting requirements

In the absence of any commercially reasonable purpose, given the potential for the frustration of the development of new, exchange-listed, commodity pool products and the potential detriment to investors in closed-end exchange-traded commodity pools if they are required to publish their portfolio holdings daily, we see no reason for the proposed rule change to include requirements inconsistent with those related to closed-end registered investment companies, and respectfully request that the Commission include only a requirement that the Fund report its net asset value no less frequently than weekly and portfolio holdings no less frequently than quarterly.

* * *

We look forward to learning the views of the Commission and its staff in respect of the foregoing. Should you have any questions or desire any clarification of any of the foregoing, please do not hesitate to contact me at 202-347-1140.

Very truly yours,



John G. Gaine
President

cc: Dr. Erik R. Sirri, Director, Division of Market Regulation
Elizabeth King, Associate Director, Division of Market Regulation
Richard Holley, Senior Special Counsel, Division of Market Regulation
The Hon. Walter Lukken, Acting Chairman
U.S. Commodity Futures Trading Commission
Daniel J. Roth, President and Chief Executive Officer
National Futures Association

