

# WINSTON & STRAWN

SUITE 5000

ONE FIRST NATIONAL PLAZA

CHICAGO, ILLINOIS 60603

(312) 558-5600

TWX 910-221-5467

TELECOPIER (312) 558-5683

FREDERICK H. WINSTON (1853-1886)  
SILAS H. STRAWN (1891-1946)

WASHINGTON D. C. OFFICE  
2550 M STREET, N. W.  
WASHINGTON, D. C. 20037  
(202) 828-8400

JOHN J. GAINES III  
(312) 558-5825

March 26, 1982

Peter J. Romeo, Esq.  
Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
500 North Capitol Street, N.W.  
Washington, D.C. 20549

Re: Refco Capital Corporation - Issuance of  
Promissory Notes under Section 3(a)(3) of  
the Securities Act of 1933

Dear Mr. Romeo:

On behalf of Refco Capital Corporation (the "Company"), and in furtherance of our conversation with you on January 26, 1982, we submit for your consideration the following information which supplements our letter to you dated December 17, 1981. The purpose of that letter was to request that the Division of Corporation Finance (the "Division") recommend no action to the Securities and Exchange Commission (the "Commission") with respect to the proposed issuance by the Company of its short term commercial paper (the "Notes" or the "Company's Notes") in reliance upon the exemption from registration provided by Section 3(a)(3) of the Securities Act of 1933, as amended (the "Act").

In connection with the contemplated issuance of the Notes, we propose that each customer of the Company be furnished a prospectus disclosing certain material and relevant information concerning the Company and its operations. Furthermore, prior to a purchase the Company intends to require each investor to execute

Peter J. Romeo, Esq.  
Page Two  
March 26, 1982

a subscription agreement stating his investor suitability in accordance with paragraph 2(ii) of new Rule 506 under the Act and with a representation of his net worth.

The prospectus would be delivered at the time an offer is made and would include the following narrative and financial information:

- (1) Audited year end financial statements, including balance sheet, statement of income, and source and application of funds.
- (2) Unaudited six months financial statements, including a current balance sheet and statement of income.
- (3) Narrative information, including a description of the Company's business and its management, as well as a description of the Notes and the use to which the proceeds of such Notes will be applied.

Each customer would be permitted to request and receive any other additional information from representatives of the Company to the extent such information is available at a reasonable cost and expense.

We propose to increase the minimum denomination of the Notes from \$25,000 to \$100,000. The greater note denomination will further insure that no unqualified investor will become an offeree or a purchaser of the Company's Notes. Generally, the Company's investors will include brokerage houses, professional commodities traders, individuals with substantial net worths, and various financial institutions.

The identity of the prospective customer, the size of the minimum investment, and the requirement for compliance with the investor suitability standards of Rule 506 should provide comfort to the Division as to the level of investor protection inherent in the Company's proposed issuance of the Notes. Furthermore, the high minimum investment and the financial status of the Company's investors indicate that the Notes will ultimately compete in the short term commercial paper market with issuers whose securities have obtained ratings from agencies such as Standard and Poor's and Moody's. Accordingly, to the extent that the Company competes successfully for short term unsecured funds, the free market itself will have established a rating for the Company's Notes.

Peter J. Romeo, Esq.  
Page Three  
March 26, 1982

On the basis of the foregoing, we request the Division to recommend that the Commission take no enforcement action with respect to the proposed offer and sale of the Notes without compliance with the registration requirements of the Act in reliance upon the exemption from registration provided by Section 3(a)(3) of the Act.

If you should have any further questions, please feel free to contact the undersigned at 312-558-5825.

Very truly yours,

John J. Gaines III

JJG:nd