09-3
(2)

ARTHUR BELL
Certified Public Accountants

201 International Circle, Suite 400
Hunt Valley, Maryland 21030 • USA
Tel: 410-771-0001 • Fax: 410-785-9784
www.arthurbellcpas.com

RECEIVED
2009 MAR 26 PM 1:46
OFFICE OF THE SECRETARIAT

March 26, 2009

COMMENT

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

Received CFTC
Records Section
3/26/09

Re: Commodity Pool Operator Periodic and Annual Reports

Mr. Stawick:

Arthur F. Bell, Jr. & Associates, L.L.C. ("Arthur Bell CPAs") appreciates the opportunity to comment on the Commission's proposed amendments to its regulations governing the periodic account statements that commodity pool operators ("CPOs") are required to provide to commodity pool participants and the annual financial reports that CPOs are required to provide to commodity pool participants and file with the National Futures Association (the "Proposed Amendments").

Arthur Bell CPAs is a public accounting firm that has extensive knowledge and experience in the managed futures, hedge fund, and fund of funds industries. Our firm is a member of the Center for Audit Quality of the American Institute of Certified Public Accountants, is registered with the Public Company Accounting Oversight Board as a registered public accounting firm, and has been approved by the Cayman Islands Monetary Authority as an Approved Local Auditor of Cayman Islands Mutual Funds.

We support the Proposed Amendments as they provide clarity and codification to several of the Commission's regulations and interpretations. We would like to comment specifically on two aspects of the Proposed Amendments.

Proposed Changes to Extension Provisions Under Regulation 4.22(f)(2)

We support the provisions in the Proposed Amendments relating to the extension provisions under Regulation 4.22(f)(2) as they provide a degree of consistency with the Securities and Exchange Commission's "custody rule" with respect to audits of fund of funds. These provisions also acknowledge the practical limitations in being able to complete an audit of fund of funds within 150 days of the pool's fiscal year end because the audited financial statements of the underlying investee funds may not be available in a timely enough manner to allow the auditor of the fund of funds to complete their auditing procedures within the current 150 day reporting deadline.

We also support the extension of these provisions to CPOs that operate fund of funds that are Regulation 4.7 exempt commodity pools. Fund of funds operating under the Regulation 4.7 provisions currently must file financial statements within 90 days of their fiscal year end. Under accounting principles generally accepted in the United States of America ("GAAP"), the financial statements of commodity pools, including fund of funds, must include a condensed schedule of investments. The condensed schedule of investments also requires that the fund of funds "look-through" its investments in underlying pools or funds to determine whether additional disclosure regarding proportional or indirect significant holdings of financial instruments is required under GAAP. In the case of fund of funds, the information necessary to prepare such "look-through" disclosures for the condensed schedule of investments is often not available until the financial statements of the underlying investee fund are available. As such, in order to comply with the 90 day reporting deadline, a fund of funds operating pursuant to a Regulation 4.7 exemption may be required to file unaudited financial statements with certain information noted as being unavailable at the time of filing. Extending the reporting deadline for the filing of financial statements of fund of funds operating pursuant to a Regulation 4.7 exemption will provide for more complete reporting by commodity pools.

Disclosure of Fees and Expenses of Investee Funds

While not required under GAAP, the Commission has encouraged CPOs to disclose the management and incentive fees and expenses indirectly incurred as a result of investing in an investee fund which exceeds five percent of the pool's net asset value. The Proposed Amendments would make such "encouraged disclosures" a requirement under both Regulation 4.22(c) and Regulation 4.7(b)(3).

While we support the Commission's objective of full disclosure and transparency, it may not be practicable for the CPOs to obtain or determine the required information for all of its applicable investee funds either because the investee funds are under no obligation to report such information or because the investee funds may not maintain records of allocations of management and incentive fees or indirect expenses relative to the fund of fund's investment in the investee fund. In such situations, if the CPO was unable to disclose the information in its financial statements, it would not be in compliance with these specific requirements of the Proposed Amendments. As such, *we encourage provisions be added to the Proposed Amendments that would provide for the ability of the CPO to disclose that certain information required under this section of the Proposed Amendments is not available if the CPO made a good faith effort to attain such required information but was unable to do so.*

Again, Arthur Bell CPAs appreciates the opportunity to comment on the Proposed Amendments and support the Commission's efforts in these areas. Questions regarding this comment letter may be addressed to either Bob Zink or Ross Ellberg at (410) 771-0001.

Respectfully yours,

Arthur F. Bell, Jr. & Associates, L.L.C.

Arthur F. Bell, Jr. & Associates, L.L.C.