

**CFTC Letter No. 00-107****December 8, 2000****Exemption****Division of Trading & Markets**

Dear:

This is in response to your correspondence dated November 5, 2000 in which you requested exemptive relief from the requirements of Commodity Futures Trading Commission ("CFTC") Rule 4.22. The request is filed by XX, the commodity pool operator ("CPO") for Y (the "Fund"). You request an exemption from the requirement of Rule 4.22(d) that the financial statements prepared for the Annual Report be certified by an independent public accountant.

In support of your request, you state, among other things, that the Partnership was organized in January 1999, conducted its first trade in April 1999, and the Partnership's last trade was in September 2000. As of September 30, 2000, the Fund was comprised of eight limited partners with a total capital of \$79,480. Following September 2000, the Fund's partners agreed unanimously to close the Fund and liquidate the units of ownership. You state that a certified audit would be excessively expensive relative to the Fund's assets and would cost the Fund's partners approximately \$1,700 or 2% of the Fund's assets. You have submitted statements in support of this exemption from each of the eight participants.

Rules 4.22(c) and (d) require each registered CPO to file a certified Annual Report with the Commission and distribute copies to the Fund participants within 90 calendar days of the end of the Fund's fiscal year. The principal purpose of financial reporting required by Rule 4.22 is to ensure that pool participants receive accurate, fair and timely information on the overall trading performance and financial condition of the pool. Based upon the representations made in your letter, the Division believes that granting the request on behalf of the Fund is neither contrary to the purposes of Rule 4.22 nor to the public interest. Accordingly, pursuant to the authority delegated by Rule 140.93(a)(1) but subject to the conditions set forth below, the Fund is hereby granted relief from the certification requirement of Rule 4.22(d) for the Fund's fiscal year ending December 31, 2000.

The relief granted in this letter is conditioned on the distribution of an unaudited Annual Report for 2000 that otherwise complies with Rules 4.22(c) and (d). This exemption is granted with the further provisos that XX and Y files an unaudited annual report for 2000 with the Commission and with National Futures Association. Moreover, this letter applies solely with respect to the exemption from compliance with the certification requirement of Section 4.22(d) for the fiscal year ending December 31, 2000 and this in no way shall excuse XX or Y from compliance with any other applicable requirements contained in the Act

or in the Commission's regulations issued thereunder.

This letter is based on the representation you have made to us. Any different, changed or omitted facts or conditions might cause us to reach a different conclusion. If you have any questions regarding this letter, please contact me or Z. Patricia Ross, Futures Trading Specialist on my staff, at (202) 418-5469.

Very truly yours,

Kevin P. Walek  
Assistant Director

cc: Anthony Gialanella, Compliance  
National Futures Association