



## U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Swap Dealer and  
Intermediary Oversight

Gary Barnett  
Director

CFTC Letter No 14-128  
Exemption  
September 25, 2014  
Division of Swap Dealer and Intermediary Oversight

**Re: “A”, a registered commodity pool operator for “B”**

Dear :

This is in response to your letter, dated March 20, 2014, to the Division of Swap Dealer and Intermediary Oversight (the “Division”) of the U.S. Commodity Futures Trading Commission (the “Commission”). You request on behalf “A”, the commodity pool operator (the “CPO”) for “B” (the “Pool”), an exemption from the requirement to have an independent public accountant audit the financial statement of the Pool’s annual report pursuant to Commission regulations 4.7(b)(3)(i) and 4.22(d) for the fiscal year ending on December 31, 2013.

Based upon the representations made in your letter and other telephone correspondence (the “Correspondence”), we understand the facts to be as follows. You request, on behalf of the CPO, an exemption from the requirement to have an independent public accountant audit the financial statement of the Pool’s annual report pursuant to Commission regulations 4.7(b)(3)(i) and 4.22(d) for the fiscal year ending on December 31, 2013. You state that the Pool’s net asset value as of December 31, 2013 was \$ and that the Pool has three participants: a principal of the CPO, the spouse of that principal, and a single unaffiliated participant. You have submitted a waiver from the unaffiliated participant evidencing his agreement to accept uncertified financial statements for fiscal year 2013

Commission regulation 4.7(b)(3) provides a CPO an exemption from filing and distributing an annual report in accordance with Commission regulation 4.22(c) with respect to an exempt pool it operates in accordance with Commission regulation 4.7; provided, that the CPO files with the National Futures Association (“NFA”) and distributes to each participant an annual report for the exempt pool that complies with Commission regulation 4.7(b)(3) within 90 calendar days after the end of the exempt pool’s fiscal year or the permanent cessation of trading, whichever is earlier. Commission regulation 4.22(d) requires, among other things, financial statements in such annual reports to be audited by an independent public accountant. The principal purpose of financial reporting required by Commission regulations 4.7(b)(3) and 4.22(d) is to ensure that pool participants receive accurate, fair and timely information on the overall trading performance and financial condition of the pool.

“A”

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Based upon the representations made in the Correspondence, the Division believes that granting the request of “A” is neither contrary to the purpose of Commission regulations 4.7(b)(3) and 4.22(d) nor to public interest. Accordingly, pursuant to the authority delegated by Commission regulations 140.93 and 4.12(a), “A” is hereby granted relief from the requirement to file and distribute an annual report with audited financial statements to participants of the Pool pursuant to Commission regulations 4.7(b)(3) and 4.22(d); provided, that “A” files with the National Futures Association and distributes to participants unaudited financial statements for the fiscal year 2013.

The relief issued by this letter does not excuse persons relying on it from compliance with any other applicable requirements contained in the Commodity Exchange Act or in the Commission regulations issued thereunder. Further, this letter, and the relief contained herein, is based upon the representations made to the Division. Any different, changed or omitted material facts or circumstances might render this interpretation void.

Should you have any questions, please do not hesitate to contact Amanda Olear, Associate Director, at 202-418-5283.

Very truly yours,

Gary Barnett  
Director  
Division of Swap Dealer and  
Intermediary Oversight