



## U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Swap Dealer and  
Intermediary Oversight

Thomas J. Smith  
Acting Director

CFTC Letter No. 15-13  
Exemption  
February 3, 2015  
Division of Swap Dealer and Intermediary Oversight

**RE: “A”, a registered commodity pool operator for the “B” and the “C”**

Dear :

This letter is in response to your letter dated January 6, 2015, to the Division of Swap Dealer and Intermediary Oversight (“Division”) of the Commodity Futures Trading Commission (“Commission”), as supplemented by emails to Division staff. You request on behalf of “A”, the registered commodity pool operator (“CPO”) for the “B” (the “Feeder Fund”) and the “C” (the “Master Fund”) (collectively, the “Pools”), relief from Commission Regulation 4.7(b)(3), which requires that the CPO distribute to its participants, and file with the National Futures Association (“NFA”), an Annual Report within 90 days of the close of the Pools’ fiscal year. Instead, you propose to file a 14-month Annual Report for the Pools for the period from November 3, 2014, the date upon which the Pools began trading, through December 31, 2015, the close of the Pools’ 2015 fiscal year.

Based upon the representations made in your letter, we understand the relevant facts to be as follows. You request, on behalf of the CPO and Pools, an exemption from the requirement of Commission Regulation 4.7(b)(3) that the CPO distribute and file an Annual Report within 90 days of the close of the Pools’ fiscal year ending December 31, 2014. You state that the Pools launched on November 3, 2014, and that, as is typical in Master-Feeder structures, the Feeder Fund invests substantially all of its assets in the Master Fund. You represent that it is not possible to invest directly in the Master Fund, and therefore, the Feeder Fund is the Master Fund’s only participant. You further state that although the CPO continues to solicit outside investors, you are currently the Feeder Fund’s only participant, and you are also the chief executive officer of the CPO. You state that the value of the Feeder Fund as of December 31, 2014, was \$, and due to the Pools’ operating structure, the value of the Master Fund is nearly identical.

Your request for relief is limited in that you request that the Annual Report requirement not be waived entirely. Rather, you request permission for the CPO to combine information that would be contained in the Pools’ 2014 Annual Report with the Pools’ 2015 Annual Report,

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creating a 14-month combined Annual Report covering the period from the Pools' inception of trading, November 3, 2014, through December 31, 2015. In support of your request, you have also submitted a signed waiver, in which you, as the Feeder Fund's sole participant, agree that the Pools' first fiscal year will end on December 31, 2015, and waive your right to receive any Annual Report for the period between the Pools' commencement of trading and December 31, 2014.

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); provided that the CPO files with 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. The principal purpose of financial reporting required by Commission Regulation 4.7(b)(3) 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 of the CPO to file an Annual Report for the 14-month period from November 3, 2014 to December 31, 2015 is neither contrary to the purposes of Commission Regulation 4.7 nor to the public interest. Accordingly, pursuant to the authority delegated by Commission Regulations 140.93 and 4.12(a), the Division will grant the CPO's request for relief from the Annual Report requirement of Regulation 4.7(b)(3), thereby permitting it to file an Annual Report for the Pools for the 14-month period from November 3, 2014, to December 31, 2015.

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, including, but not limited to, Part 4 of the Commission's regulations. Further, the relief provided by this letter is based upon the representations made by you to the Division. Any different or omitted facts may result in a different determination and may render any relief set forth in this letter void. The relief issued by this letter is conditioned on the distribution to the Pools' participants<sup>1</sup> and the filing with NFA of an Annual Report containing combined financial information for the period beginning November 3, 2014, and ending December 31, 2015, in full compliance with Commission Regulation 4.7(b)(3).

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<sup>1</sup> Division staff has historically interpreted Commission Regulation 4.22(c)(8) to exclude controlling principals from the "participants" required to receive an Annual Report each year.

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If you have any questions regarding this letter, please contact Amanda Olear, Associate Director, at 202-418-5283 or [aolear@cftc.gov](mailto:aolear@cftc.gov), or Elizabeth Groover, Special Counsel, at 202-418-5985 or [egroover@cftc.gov](mailto:egroover@cftc.gov).

Very truly yours,

Thomas J. Smith  
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Intermediary Oversight