



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Swap Dealer and
Intermediary Oversight

Eileen T. Flaherty
Director

CFTC Letter 16-13
Exemption
February 03, 2016
Division of Swap Dealer and Intermediary Oversight

RE: “A”, the registered commodity pool operator for “B”

Dear :

This letter is in response to your letter dated December 1, 2015, to the Division of Swap Dealer and Intermediary Oversight (“Division”) of the Commodity Futures Trading Commission (“Commission”). You request on behalf of “A”, the commodity pool operator (“CPO”) for “B” (the “Pool”), 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 Pool’s fiscal year. Instead, you propose to file a 17-month Annual Report for the Pool for the period from August 1, 2015, the date upon which the Pool began trading, through December 31, 2016, the close of the Pool’s 2016 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 Pool, an exemption from the requirements of Commission Regulation 4.7(b)(3) that the CPO distribute and file an Annual Report within 90 days of the close of the Pool’s fiscal year. Instead, you request permission for the CPO to combine information that would be contained in the 2015 Annual Report with the 2016 Annual Report, creating a 17-month combined Annual Report covering the period from the Pool’s inception of trading, August 1, 2015, through December 31, 2016. The Pool is the “domestic feeder fund” portion of a master-feeder structure and began trading on August 1, 2015.¹ At the end of the 2015 fiscal year (December 31, 2015), the Pool had a net asset value of \$ and two participants. In support of your request, you indicate that the offering memorandum for the Pool stated that the first fiscal year would end on December 31, 2016, and that participants, by their investment in the Pool and signature of the subscription agreement, consented to receive an initial 17-month Annual Report containing audited financial statements for the Pool.

¹ “C” is the offshore feeder fund in this structure, and both it and the Pool invest substantially all of their assets into the master fund, “D”. The offshore feeder fund and master fund began trading on April 2, 2014, and no relief is sought on behalf of those pools in your request.

RE: "A"

Page 2

Commission Regulation 4.7(b)(3) requires each registered CPO to file an Annual Report with NFA and distribute copies to the pool participants within 90 calendar days of the end of the pool's fiscal year or the permanent cessation of trading. The principal purpose of financial reporting required by Commission Regulation 4.7 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 Pool for the 17-month period from August 1, 2015 to December 31, 2016 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 and distribute an Annual Report for the Pool for the 17-month period from August 1, 2015 to December 31, 2016.

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 letter void. Finally, the Division retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the relief provided herein, in its discretion.

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

Very truly yours,

Eileen T. Flaherty
Director
Division of Swap Dealer and
Intermediary Oversight