



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Swap Dealer and
Intermediary Oversight

Eileen T. Flaherty
Director

CFTC Letter No. 16-30
Exemption
March 25, 2016
Division of Swap Dealer and Intermediary Oversight

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

Dear :

This letter is in response to your letter dated February 9, 2016, 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”), exemptive relief from Commission Regulations 4.7(b)(3) and 4.22(d), which require that the CPO distribute to its participants, and file with the National Futures Association (“NFA”), an Annual Report containing audited financial statements within 90 days of the close of the Pool’s fiscal year. Instead, you propose to file an 18-month Annual Report for the Pool for the period from July 21, 2015, the date the Pool began trading, to December 31, 2016.

Based upon the representations made in your letter, we understand the relevant facts to be as follows. The Pool is operated pursuant to an exemption under Commission Regulation 4.7. You are requesting an exemption from the requirement of filing an Annual Report containing audited financial statements for the Pool’s fiscal year ending December 31, 2015. Instead, you are seeking permission to distribute an Annual Report containing unaudited financial statements to the Pool’s participants for fiscal year 2015 and to distribute an Annual Report with audited financial statements for fiscal year 2016 with respect to the period beginning on July 21, 2015, and ending on December 31, 2016. You state that the Pool began trading on July 21, 2015. As of December 31, 2015, the Pool had a net asset value of \$, and four participants: the CPO; a principal of the CPO; an equity stakeholder in the CPO; and an unaffiliated participant. In support of your request for relief, you have also submitted signature pages from the Pool’s operating agreement, in which the CPO discloses to prospective participants the CPO’s intention to defer the Pool’s first audit until the end of its 2016 fiscal year.

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

RE: "A"

Page 2

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 relief with respect to the Pool's 2015 audited financial statements is neither contrary to the purposes of Commission Regulations 4.7 and 4.22 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 Commission Regulations 4.7(b)(3) and 4.22(d) that require the CPO to prepare and distribute to participants, and file with the NFA, audited financial statements for the year ending December 31, 2015 with respect to the Pool.

The relief granted in this letter is conditioned on the CPO's distribution to the Pool participants, and filing with NFA, an Annual Report containing combined audited financial statements for the period beginning July 21, 2015 and ending December 31, 2016 in full compliance with applicable Commission Regulations. Further, the CPO will provide the participants and NFA with an Annual Report containing unaudited financial statements for the period beginning July 21, 2015, and ending 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. 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.

Very truly yours,

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