

CFTC Letter No. 00-07**January 7, 2000****Exemption****Division of Trading & Markets**

Re: Request for withdrawal from registration as a Commodity Pool Operator and exemption from the requirements of Commission Rule 4.22(d)

Dear X:

This is in response to your letter to the Division of Trading and Markets ("the Division") of the Commodity Futures Trading Commission ("the Commission") of June 11, 1999, in which you requested, on behalf of YY, withdrawal of its registration as a Commodity Pool Operator ("CPO") and exemption from the requirements of Commission Rule 4.22(d).

Based upon your representations and prior letters from Y, we understand the facts to be as follows. YY first requested a withdrawal of its registration as a CPO on March 7, 1997, through a letter to the Division. The Division responded by requesting additional information from YY, including an executed regulation 4.13 exemption statement from YY as well as written confirmation that all pool participants had consented to YY's withdrawal. On June 11, 1999, you renewed this request on behalf of YY and acknowledged that YY had not yet provided this information to the Division and, as such, YY's withdrawal request was still pending. Attached to your June 11, 1999 letter was an executed 4.13 exemption statement from YY, along with written confirmation that all pool participants had consented to YY's withdrawal as a registered CPO and had been offered the right of rescission of their participation in the pool.

Specifically, YY's withdrawal request is pursuant to Rule 4.13(a)(2) which exempts persons from registration as a CPO if "the total gross contributions it receives for units of participation in all of the pools that it operates or that it intends to operate do not in the aggregate exceed \$200,000; and ... none of the pools operated by it has more than 15 participants at any time." It appears that there are only six participants in YYYY, the only pool operated by YY, and that the balance of the pool, as of the date of your request, was \$1,086.31. Both of the criteria included in 4.13(a)(2) are therefore satisfied.

YY first requested exemption from Rule 4.22(d) on April 7, 1997. The Division responded on August 27, 1997 by stating that YY had failed to include a written statement from each of the participants that they would agree to forego receipt of certified financial

statements from YY. On June 11, 1999 you renewed this exemption request on behalf of YY and acknowledged that such information had not yet been provided to us. Attached to your June 11, 1999 letter, you included a statement from each of the pool participants that they agreed to forego receipt of certified financial statements from YY. In addition, you included a copy of YY's financial statements for 1996 and 1997.

We have now received a statement of exemption from YY, pursuant to Rule 4.13, along with written confirmation that all pool participants have been offered the right of rescission of their participation in the pool. In addition, you have supplied to us notarized statements from each of YY's participants that they have agreed to forego the receipt of certified financial statements from YY as required under Rule 4.22(d). Therefore, we no longer have any objections to YY's request for withdrawal from registration as a CPO and, due to the net asset value of the pool, the limited number of participants, and the consent by the participants to this request, we hereby grant to YY exemption from the requirements of Rule 4.22(d).

Please be advised, however, that pursuant to Commission Rule 1.31 YY is required to maintain its books and records for five years following the date of withdrawal during which time YY may be asked to produce such records. Further, be aware that, due to the unusual circumstances of this case, there is a greater likelihood that production of YY's records will be required. In addition, if there is any material change in operations or if YY's business address changes within this time period, it must immediately notify the Division in writing of such change.

The approval of YY's withdrawal request and the exemption from Rule 4.22(d) provided herein are solely based on the representations made in the aforementioned letters to the Division. If there are any material misstatements or omissions contained in those letters, the approval and exemption contained in this letter may no longer be valid. If, in the future, YY no longer qualifies for exemption from registration under Rule 4.13, it may have to register as a CPO. Likewise, if the facts represented to us materially change, the exemption from Rule 4.22(d) may no longer be valid. Any material changes in the business of YY must be brought to the attention of the Division immediately.

If you have any questions concerning this correspondence, please feel free to contact me at the number below or Owen Pinkerton of my staff at (202) 418-5485.

Sincerely yours,

Kevin P. Walek

Branch Chief, Managed Funds
Branch

(202) 418-5463

cc: Anthony Gialanella, NFA

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