

CFTC Letter No. 00-70**May 26, 2000****Exemption****Division of Trading & Markets**

Re: Rule 4.7(a) - Request for Exemptive Relief from Periodic Reporting Requirements

Dear :

This is in reference to your letter received on September 9, 1999, by the Division of Trading and Markets ("Division") of the Commodity Futures Trading Commission, as supplemented by letters dated October 12, 1999 and May 5, 2000 and telephone conversations with Division staff. By your correspondence, you request on behalf of "X", a registered commodity pool operator ("CPO"), that the Division grant relief to "X" from Rule 4.7(a)¹ so that "X", in connection with its operation of "Master Fund", would not be required to send account statements to "P", "Q", and "R" ("Feeder Funds"), which are also operated by "X".

Based upon the representations made in your correspondence, we understand the facts to be as follows. "X" serves as the CPO of the Master Fund and the Feeder Funds. Interests in the Master Fund are offered and sold pursuant to Rule 4.7(a).² In addition to the Feeder Funds, the Master Fund has one other investor, "Y". As CPO of the Master Fund, "X" is required to distribute a periodic account statement to itself, as CPO of the Feeder Funds. "X" now seeks exemptive relief from the requirement under Rule 4.7(a)(2)(ii) that it prepare and distribute an account statement on a periodic basis to the Feeder Funds.

Based upon the foregoing representations, it appears that granting your request would not be contrary to the public interest or the purposes of Rule 4.7(a). Accordingly, by the authority delegated under Rule 140.93(a)(1), the Division hereby relieves "X", in connection with its operation of the Master Fund, from its obligation to deliver account statements to the Feeder Funds. This relief, however, is subject to the conditions that: (1) "X" remains the CPO of the Master Fund and the Feeder Funds; and (2) "X" continue to comply with the requirements of Rule 4.7(a)(2)(ii) in connection with all other investors in the Master Fund, *e.g.*, "Y".

This letter does not excuse "X" from compliance with any other applicable requirements contained in the Commodity Exchange Act³ ("Act") and the Commission's regulations issued thereunder. For example, "X" remains subject to all of the antifraud provisions of the Act and the Commission's regulations, the reporting requirements for traders set forth in Parts 15, 18, and 19 of the Commission's regulations and

all otherwise applicable provisions of Part 4. Moreover, this relief is applicable to "X" solely in connection with its operation of the Master Fund, as discussed above.

This letter, and the exemptions granted herein, are based upon the representations you have made to us and are subject to compliance with the conditions stated above. Any different, changed or omitted material facts or circumstances might render the exemption void. You must notify us immediately in the event the operations or activities of "X", the Master Fund, or the Feeder Funds change in any material way from those as represented to us.

If you have any questions concerning this correspondence, please contact Matthew W. Lisle, an attorney on my staff, at (202) 418-5450.

Very truly yours

John C. Lawton
Acting Director

1 Commission rules referred to herein are found at 17 C.F.R. Ch.1 (1999).

2 "X" filed a Notice of Claim of Exemption pursuant to Rule 4.7(a) on behalf of the Master Fund on _____.

3 7 U.S.C. § 1 *et seq.* (1994).