

CFTC Letter No. 02-35**April 4, 2002****Exemption****Division of Trading and Markets**

Dear:

This is in response to your letter dated [correct date as necessary] March 29, 2002 to the Division of Trading and Markets ("Division") of the Commodity Futures Trading Commission ("Commission"), requesting exemptive relief from the requirement of Commission Rule 4.22 that commodity pool participants be provided with an audited Annual Report. The request is filed on behalf of X, LLC, the commodity pool operator, ("CPO") for Y, LP.

Rule 4.22(c) requires each registered CPO to file an Annual Report with the Commission and distribute copies to pool participants within 90 calendar days of the end of the pool's fiscal year. Rule 4.22(d) requires that the financial statements in the Annual Report must be prepared in accordance with generally accepted accounting principles and certified by an independent public accountant. The principal purpose of financial reporting required by Rule 4.22 is to ensure that pool participants receive accurate, fair and timely information on the overall trading performance and financial condition of the pool. You request exemption from filing an audited financial report for 2001 due to the fact that the pool did not begin trading until September 2001 and has only a small number of participants.

Based on the representations you have submitted in support of your request, it appears that the Fund commenced trading commodity interests in September 2001. As of January 31, 2002, the net asset value of the Fund was \$. The Fund was comprised of six participants as of December 31, 2001. You have submitted statements in support of this exemption from each of the six participants. You have also submitted unaudited statements for the quarter ended December 31, 2001, and the month of January 2002, the entire operating history of the Fund. You further state that if the exemption is granted, a certified annual report covering the 16-month period from September 1, 2001 to December 31, 2002 will be issued to all participants and filed with the Commission.

In light of the representations made in your letter, in particular those relating to the small size of the Fund and the small number of participants in the Fund, the Division believes that granting the request on behalf of the Fund is neither contrary to the purposes of Rule 4.22 nor to the public interest. Accordingly, pursuant to the authority delegated by Rule 140.93(a)(1), the Pool is hereby granted relief with respect to the Fund from the certification requirement of Rule 4.22(d) for the Fund's fiscal year ending December 31, 2001.

The relief granted in this letter is conditioned on the following: First, the CPO must distribute an unaudited Annual Report for Y, LP for the fiscal year ended December 31, 2001 that otherwise complies with Rules 4.22(c) and (d). The unaudited Annual Report should be filed with the Commission and

National Futures Association within 30 calendar days of the date of this letter. Second, the CPO must file, on behalf of the Fund, a certified financial report which covers the 16-month period from September 1, 2001 to December 31, 2002.

This letter in no way shall excuse X, LLC or Y, LP from compliance with any other applicable requirements contained in the Act or in the Commission's regulations issued thereunder.

This letter is based on the representation you have made to us. Any different, changed or omitted facts or conditions might cause us to reach a different conclusion. If you have any questions regarding this letter, please contact Donald Bass, a Futures Trading Specialist on my staff, at (202) 418-5462.

Very truly yours,

Kevin P. Walek
Assistant Director

cc: Regina Theole, Compliance
National Futures Association

John S. Dixon
CFTC, Chicago Regional Office