

CFTC Letter No. 98-19**March 16, 1998****Division of Trading & Markets**

Re: Section 4m(1) of the Commodity Exchange Act -- Request for no-action position regarding CPO registration for directors of a feeder fund that is the sole limited partner of "X" and for the general partner of "X" and request for no-action position regarding CTA registration for the investment manager of "X"

Dear :

This is in response to your letter dated August 29, 1996, to the Division of Trading and Markets (the "Division") of the Commodity Futures Trading Commission (the "Commission"), as supplemented by telephone conversations with Division staff. By your correspondence, you request: (1) relief from the requirement to register as a commodity pool operator ("CPO") on behalf of the directors of "Y", which is the sole limited partner of (and which invests substantially all of its assets in) the "Pool"; (2) relief from the requirement to register as a CPO on behalf of "W", which is the sole general partner of the Pool; and (3) relief from the requirement to register as a CTA on behalf of "Z", which is the investment manager for the Pool. You believe that relief is appropriate due to the Pool's modest commodity interest trading. At this time, the Division is unable to grant your request.

As you know, there is currently no exception to the obligation to register as a CPO or CTA based solely on the fact that the pool makes, or the CTA recommends, only de minimis investments in the futures markets. In light of the important customer protection issues at stake, Division staff believe that notice and comment rulemaking is the appropriate procedure for evaluating whether some type of de minimis exception to the CPO or CTA registration requirements is consistent with the intent of the Act and is otherwise in the public interest. To that end, we invite you to file a petition for rulemaking on this issue or to comment on any future rulemaking initiated by the Commission or by another industry participant.

If you have any questions concerning this correspondence, please contact David Battan or Chris Cummings of my staff.

Very truly yours

I. Michael Greenberger

Director