CFTC Letter No. 98-58

June 12, 1998

Division of Trading & Markets

Re: No-Action Relief

Dear :

This is in response to your letter dated January 6, 1998, to the Division of Trading and Markets ("Division") of the Commodity Futures Trading Commission, as supplemented by telephone conversations with Division staff. By your correspondence, you request confirmation that certain relief previously issued by the Division to "P", as stated below ("Relief"), may now be claimed by "Q".

Based upon the representations made in your correspondence, we understand the relevant facts to be as follows. By letter dated December 11, 1995 the Division issued to "P" certain relief from: (l) the disclosure, reporting and recordkeeping requirements of Rules 4.21, 4.22 and 4.23(a)(10) and (a)(11) ("Rules")[1] in connection with its operation of "T"; and (2) the qualified eligible participant ("QEP") criteria of Rule 4.7(a) in connection with its operation of "U". By letter dated February 6, 1997, the Division subsequently extended this relief to include certain additional participants in these funds. By letter dated May 20, 1996 the Division issued to "P" certain relief from: (l) the Rules in connection with its operation of the "R"; and (2) the QEP criteria of Rule 4.7(a) in connection with its operation of "S". (The December 11, 1995, May 20, 1996 and February 6, 1997 letters are collectively referred to below as the "Letters".) The Division issued the Letters based upon, inter alia, representations that the participants in the funds at issue would be officers or professional - level employees of "P" who were involved with the day-to-day operations of "P" or the funds its operated.

Subsequent to the issuance of the Letters, and "as part of a general restructuring of the "V" organization", in March of 1997, "Q" succeeded to the advisory and pool operator activities of "P".

In support of your request, you represent that the replacement of "P" by "Q": has had no material effect on the operation of the [foregoing] funds. Specifically, at the time "Q" replaced "P", the management, personnel, and trading strategies of "Q" were identical to its predecessor, "P".[2]

Additionally, prior to the noted restructuring, all "P" employees were required to attend

meetings wherein a comprehensive explanation of the restructuring of the "V" organization was presented. . . . Each employee-[fund] participant has provided written acknowledgment that he or she has attended such meeting and was give further information as to the restructuring and its relation to an investment in [a fund].

Based upon the foregoing representations, and subject to compliance with the conditions set forth in the Letters, the Division confirms that "Q" may claim the Relief that the Division previously granted to "P" in the Letters.

This letter applies to "Q" solely in connection with its operation of the funds stated herein. It does not excuse "Q" from compliance with any other applicable requirements contained in the Commodity Exchange Act ("Act") or the Commission's regulations issued thereunder. For example, "Q" remains subject to all antifraud provisions of the Act and the Commission's regulations issued thereunder, to the reporting requirements for traders set forth in Parts 15, 18 and 19 of the Commission's regulations and to all other applicable provisions of Part 4.

This letter is based upon the representations you have made to us. Any different, changed or omitted material facts or circumstances might render the position we have taken herein void. You must notify us immediately if the operations of "Q" change in any material way from those represented to us.

If you have any questions concerning this correspondence please contact Barbara S. Gold, Assistant Chief Counsel, at (202) 418-5450.

Very truly yours,

I. Michael Greenberger

Director

[1] Commission rules referred to herein are found at 17 C.F.R. Ch. I (1997).

[2] By telephone conversation held on January 7, 1997 with Division staff you explained that while there has been a change in the ownership from "P" to "Q", the controlling interest has remained the same. "W" had been the sole owner of "P". "X" now owns l00 percent of "Q". "W" owns a controlling, 51 percent voting interest in "X". The remaining, non-controlling 49 percent voting interest in "X" is owned by "Y", of which "A", the president and chief executive officer of "X", is the sole owner.