

CFTC Letter No. 99-62**December 7, 1999****Exemption****Division of Trading & Markets**

Re: Request for Exemption from the Time Requirements of Rule 4.7(a)(2)(iii)(A)

Dear X:

This is in response to your letter to the Division of Trading and Markets dated October 8, 1999 in which you request, on behalf of X and XX (the "General Partners") of Y (the "Partnership"), a permanent exemption from the time requirements contained in Commission Rule 4.7(a)(2)(iii)(A).

Based on the representations made in your letter, the Division understands the facts to be as follows. The Partnership is a commodity pool that operates pursuant to Rule 4.7 and thus is exempt from the filing requirements contained in §§ 4.21, 4.24, 4.25 and 4.26. Interests in the Partnership are offered only to qualified eligible participants, as defined in Commission Rule 4.7. The General Partners of the Partnership allocate assets among various investment entities who engage in various investment activities, including futures and options on futures, repurchase agreements, and purchasing securities on margin. The General Partners have requested permanent relief from Rule 4.7(a)(2)(iii)(A) which requires that they distribute to their investors and file with the Commission and the National Futures Association an Annual Report within 90 days after the end of each annual period. The General Partners request such relief because they have experienced difficulties receiving the necessary information in a timely manner from the entities in which they invest.

Citing prior letters from the Division to other partnerships¹, the General Partners have requested that they be allowed an additional 45 days each year to prepare, distribute and file their Annual Report. Investors will continue to receive quarterly reports from the General Partners which set forth the performance of the Partnership and state the value of the investor's interest in the Partnership.

The Division is currently working to construct a comprehensive solution to this "fund of funds" problem. For the present, the Division hereby grants the General Partners an indefinite exemption from the time requirements contained in Commission Rule 4.7(a)(2)(iii)(A). This relief is subject to the following conditions: (1) the General Partners will inform current and prospective investors that receipt of the Partnership's Annual Report will occur within 135 days

after the end of the annual period, instead of the 90 days enunciated in Rule 4.7; (2) the Partnership will continue to provide quarterly reports to investors pursuant to Rule 4.7(a)(2)(iii) within 30 days after the close of each quarter; and, (3) this exemption will terminate upon the adoption by the Commission of a rule which amends Rule 4.7(a)(2)(iii) - specifically the time requirements for the filing of annual reports by "funds of funds." When such a rule is adopted by the Commission, the General Partners will then be subject to the terms of the new rule.

The relief granted in this letter relieves the General Partners solely from compliance with the above requirement contained in the Commission's Rules and does not excuse them from compliance with any other applicable requirements contained in the Commodity Exchange Act (the "Act") or in the Commission's regulations issued thereunder. This letter, and the exemption granted herein, is based upon the representations provided to the Division and is subject to compliance with the conditions stated above. Any different, changed or omitted material facts or circumstances might render this exemption void. You must notify us immediately in the event that the operation of the Partnership changes in any material way from what was represented in your letter to us.

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

Sincerely,

Robert B.
Wasserman

Associate
Director

(202) 418-
5092

cc: Anthony Gialanella

National Futures Association

1 Interpretive Letters 99-20 (1999 CFTC Ltr. LEXIS 12), 97-36 (1997 CFTC Ltr. LEXIS 29), 96-33 (1996 CFTC Ltr. LEXIS 137), 96-25 (1996 CFTC Ltr. LEXIS 20) and others, all of which granted CPOs that invested in "funds of funds" an additional 45 days to file the Annual Report with the Commission and distribute it to its investors.