



## U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Clearing and  
Intermediary Oversight

Ananda Radhakrishnan  
Director

CFTC Letter No. 10-25  
Interpretation  
June 25, 2010  
Division of Clearing and Intermediary Oversight

Re: Regulation 4.10(d)(1) – Request for interpretation stating that family investment entities are not commodity pools

Dear :

This is in response to your letter dated May 6, 2010, to the Division of Clearing and Intermediary Oversight (“Division”) of the Commodity Futures Trading Commission (“CFTC”). By your letter, you request an interpretation that “A” and “B” are not commodity pools within the meaning and intent of Regulation 4.10(d)(1)<sup>1</sup> and therefore that the manager of “A”, “C”, is not a commodity pool operator (“CPO”).

Based upon the representations made in your letter, we understand the relevant facts to be as follows. “A” is a two-member limited liability company managed by “C”, one of its members and an investment professional who will make all investment decisions on behalf of “A”. The other is a family trust established by “C”. “B” is a member-managed limited liability company, the only member of which is “A”. In addition to investments in a variety of other assets, “B” intends to trade commodity futures contracts exclusively for its own account. No person other than “C” and the immediate family members of “C” will hold any interest in “A” or “B”. “C” will neither receive compensation as manager of “A” or “B”, nor manage any other investment vehicle that trades commodity interests.

Based upon our review of the representations made in your letter concerning the close family relationship among the persons involved in the request and the restrictions on their activities, and consistent with the Division’s prior practice in this area,<sup>2</sup> we believe that neither

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<sup>1</sup> Commission regulations referred to herein are found at 17 C.F.R. Ch. 1 (2010). They can be accessed through the Commission’s website at [www.cftc.gov](http://www.cftc.gov).

<sup>2</sup> See, e.g., CFTC Interpretive Letter 00-100 [2000-2002 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶28,420 (Nov. 1, 2000) (Virginia limited partnership consisting of immediate family members which invests family assets in commodity futures contracts is not a commodity pool).

“A” nor “B” is a “pool” within the meaning and intent of Regulation 4.10(d)(1) and, consequently, that “C” is not a CPO thereof.

This letter does not excuse “C”, “A”, or “B” from compliance with any other applicable requirements contained in the Act or in the Commission’s regulations issued thereunder. For example, “C” remains subject to the antifraud provisions of Section 4b of the Act<sup>3</sup> and the reporting requirements set forth in Parts 15, 18, and 19 of the Commission’s regulations. Moreover, this letter is applicable to “C” solely in connection with his operation of “A” and “B”.

The views expressed in this letter are based upon the representations that you have made to us and are strictly limited to those representations. Any different, changed or omitted facts or conditions might render the interpretation taken in this letter void. In this connection, we request that you notify us immediately in the event the operations or activities of “C”, “A”, or “B” change in any way from those as represented to us. Further, the interpretation provided herein represents the position of this Division only and does not necessarily reflect the views of the Commission or any other division or office of the Commission.

If you have any questions concerning this correspondence, please contact Zachary J. King, an attorney on my staff, at (202) 418-5364.

Very truly yours,

Ananda Radhakrishnan  
Director

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<sup>3</sup> 7 U.S.C. §6b. The Act can similarly be accessed through the Commission’s website.