

CFTC Letter No. 00-25**February 29, 2000****Exemption****Division of Trading & Markets**

Dear :

This is in response to your letter dated February 2, 2000 and the subsequent letter dated February 14, 2000. You state that in behalf of Y ("Y"), the General Partner, Commodity Pool Operator and Commodity Trading Advisor of YY (the "Partnership"), a commodity pool, exemptive relief from Commodity Futures Trading Commission ("CFTC") Rule 4.22(d). You further state that the Partnership commenced trading operations in May 1999 and at December 31, 1999, has net assets of approximately \$261,000; and during the period ended December 31, 1999, the only two investors in the Partnership were Z, the sole principal and member of Y and his spouse. On behalf of Y, you request an exemption from the requirements under Regulation 4.22(d). Instead, you propose to provide the participants with an unaudited Annual Report for 1999 that otherwise complies with Rules 4.22(c) and (d).

Based upon the representations made in your correspondence, we understand the relevant facts to be as follows. In addition to the above facts, for the period ended December 31, 1999, each pool participant has received or will receive monthly account statements from Y in accordance with Rule 4.22. Additionally, on a prospective basis, all pool participants will continue to receive monthly account statements in accordance with Rule 4.22(a). Each limited partner and the General Partner has agreed in writing to waive its right to a certified (audited) Annual Report as of and for the period ended December 31, 1999 and have submitted statements in support of this exemption from each of the partners. An Annual Report prepared in accordance with Rule 4.22 (c) containing unaudited financial statements in accordance with generally accepted accounting principles will be distributed to all pool participants and filed with the CFTC and NFA as of and for the period ended December 31, 1999, in accordance with Rule 4.22(c). Y will comply with all other requirements of Rule 4.22. Granting the request for exemption would not be contrary to the public interest and the purposes of the provisions from which the exemption is sought.

Rule 4.22(c) requires each registered CPO to file a certified Annual Report with the Commission and distribute copies to the pool participants within 90 calendar days of the end of the pool's fiscal year, or after the permanent cessation of trading, whichever is earlier. Under Rule 4.22(d), the financial statements in the annual report must be presented and computed in accordance with generally accepted accounting principles consistently applied and must be 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.

Based upon the representations made in your letter, the Division believes that granting the request on behalf of Y 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), but subject to the conditions set forth below, the pool is hereby exempted from the requirement of Rule 4.22 (d) that a certified annual report for the year ending December 31, 1999, be distributed to each participant in the pool and to the Commission.

The relief granted in this letter is conditioned with the further provisos that Y files an unaudited annual report for the pool for the year ending December 31, 1999, that otherwise complies with the requirements of Rule 4.22. Moreover, this letter applies solely with respect to the exemption from compliance with the certification requirement of Rule 4.22(d) for the fiscal year ending December 31, 1999 and this in no way shall excuse Y or the Partnership from compliance with any other applicable requirements contained in the Act or in the Commission's regulations issued thereunder, including but not limited to the requirements of Sections 4.22(a) and (b) regarding the distribution of quarterly or monthly Account Statements of the pool.

If you have any questions, please contact me at (202) 418-5463 or Bill Yowell at (202) 418-5454.

Sincerely,

Kevin Walek

Assistant Director

cc: Anthony Gialanella

National Futures Association