

CFTC Letter No. 01-23

March 29, 2001

Exemption

Division of Trading and Markets

Dear:

This is in response to your letter dated March 5, 2001, supplemented by your facsimile correspondence dated March 29, 2001, requesting exemptive relief from the requirements of Commodity Futures Trading Commission (“CFTC”) Rule 4.22 that commodity pool participants be provided with an audited Annual Report. The request is filed on behalf of Y, the commodity pool operator (“CPO”) for YY (the “Partnership”). You propose to provide participants in the Fund with an unaudited Annual Report for 2000 that otherwise complies with Rule 4.22.

Rules 4.22(c) and (d) require 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. 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. You request exemption from filing an audited financial report for 2000 due to the expense of providing a certified Annual Report compared to the size of the Partnership.

Based on the representations you have submitted in support of your request, it appears that the Partnership commenced trading commodity interests on May 1999. As of November 30, 2000, the net asset value of the Partnership was \$262,000. The Partnership is comprised of only two investors in the Partnership, Z, the sole principal and member of Y and his spouse. The Partnership will not solicit any new participants. You have submitted statements in support of this exemption from each of the participants.

In light of the representations made in your letter, in particular those relating to the small size of the Partnership, the “closely held” nature of the Partnership, and the fact that the Partnership is not soliciting new participants, the Division believes that granting the request on behalf of the Partnership 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), the Partnership is hereby granted relief from the certification requirement of Rule 4.22(d) for the Partnership’s fiscal year ending December 31, 2000.

The relief granted in this letter is conditioned on the following: First, the CPO must distribute an unaudited Annual Report for YY that otherwise complies with Rules 4.22(c) and (d). The unaudited Annual Report should be filed with the Commission and National Futures Association within 90 calendar days of the end of the pool’s fiscal year. Second, prior to soliciting or accepting any new

participants to the Partnership, the CPO must file, on behalf of the Partnership, a certified financial report for the immediate prior calendar year.

This letter in no way shall excuse Y or YY from compliance with any other applicable requirements contained in the Act or in the Commission's regulations issued thereunder.

This letter is based on the representation you have made to us. Any different, changed or omitted facts or conditions might cause us to reach a different conclusion. If you have any questions regarding this letter, please contact me or Bill Yowell, Futures Trading Specialist on my staff, at (202) 418-5454.

Very truly yours,

Kevin P. Walek
Assistant Director

cc: Jane Pfieffer, Compliance
National Futures Association

Henry Matecki
CFTC, Chicago Regional Office