

CFTC Letter No. 02-49

April 15, 2002

Exemption

Division of Trading and Markets

Dear Mr X:

This is in response to your letter dated March 22, 2002 to the Division of Trading and Markets (“Division”) of the Commodity Futures Trading Commission (“CFTC”), filed on behalf of X, LLC, the commodity pool operator, (“CPO”) for Y LP and Z LP (the “Pools”). Your letter requested exemptive relief from the requirements of Commodity Futures Trading Commission (“CFTC”) Rule 4.22(c) and (d) that commodity pool participants be provided with an audited Annual Report.

Rules 4.22(c) and (d) require each registered CPO to file a certified Annual Report with the Commission and distribute copies to the fund 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 fund participants receive accurate, fair and timely information on the overall trading performance and financial condition of the fund.

In support of your request you have represented that the Pools were organized and capitalized in December 2001. You have indicated that one pool had three investors and \$ million in capitalization and the other pool had four limited partners with a capitalization of \$ million. You further state that no commodity futures trading occurred in the Funds in 2001. Thus, due to the expense of providing certified Annual Reports compared to the size of the Funds, the small number of participants, and the fact that the Funds were not capitalized until December 2001, you request exemption from filing audited financial reports for 2001. Further, that if the exemption request is granted, you will issue to all participants and file with the CFTC and NFA a certified annual report covering the 13-month period ending December 31, 2002. You have submitted statements in support of this exemption from each of the participants. You also submitted unaudited financial statements for December 31, 2001, the entire operating history of the Funds.

In light of the representations made in your letter the Division believes that granting the request on behalf of the Pools 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 CPO is

hereby granted relief from the certification requirement of Rule 4.22(d) for the Pools’ fiscal year ending December 31, 2001.

The relief granted in this letter is conditioned on the following: The CPO must distribute, an unaudited annual report that otherwise complies with 4.22(c) and (d) of the regulations, and a certified annual report for the Pools, which covers the 13 month period December 1, 2001 to December 31, 2002.

This letter in no way shall excuse X, LLC or Y LP and Z LP 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, Donald Bass, Futures Trading Specialist, on my staff, at (202) 418-5462.

Very truly yours,

Kevin P. Walek
Assistant Director
(202) 418-5463

cc: Regina Thoele, Compliance
National Futures Association

John S. Dixon
CFTC, Chicago Regional Office