

CFTC Letter No. 97-69**August 21, 1997****Division of Trading & Markets**

Re: Request for Relief from Reporting Requirements of Rules 4.7(a)(2)(ii) and (iii).

Dear :

This is in response to your letter dated April 25, 1997, to the Division of Trading and Markets ("Division") of the Commodity Futures Trading Commission ("Commission"), as supplemented by your letter dated July 28, 1997 and telephone conversations with Division staff. By your correspondence, you request on behalf of X, a registered commodity pool operator ("CPO"), relief from the reporting requirements of Rules 4.7(a)(2)(ii) and (iii)¹ in connection with its operation of the "Fund", a commodity pool for which X serves as the sole general partner and CPO.

Based upon the representations made in your correspondence, as supplemented, we understand the relevant facts to be as follows. The Fund was organized as a limited partnership under the laws of Delaware in 1993. It is operated pursuant to an exemption under Rule 4.7(a).² The Fund currently has assets of approximately \$500,000.

All limited partners had withdrawn from the Fund as of January 1, 1997, with the exception of the Individual Retirement Account of A (Y). A, an attorney licensed to practice in New York,³ listed as a principal of a sole proprietorship that is registered as a CPO and commodity trading advisor. Y's interest in the Fund is approximately 20 percent of the Fund's assets.⁴

You request that X be granted relief from preparing and distributing the quarterly statements and Annual Reports required under Rule 4.7(a)(2)(ii) and (iii). In support of your request, you represent that X has determined to cease all solicitation efforts on behalf of the Fund, will not accept new investors and will continue to operate the Fund solely with its own assets and those of Y. You further represent that A will agree to a waiver of his rights under Rules 4.7(a)(2)(ii) and (iii) to receive quarterly statements and Annual Reports for the Fund.

Based upon the foregoing representations, we believe that it would not be contrary to the public interest to grant the relief you have requested. Accordingly, pursuant to the authority delegated by Rule 140.93(a)(1), the Division hereby exempts X from compliance with Rule 4.7(a)(2)(ii) and (iii) in connection with its operation of the Fund.

The relief issued by this letter does not excuse X from compliance with any other applicable requirements contained in the Commodity Exchange Act ("Act")⁵ or the Commission's regulations issued thereunder. For example, it remains subject to the antifraud provisions of Sections 4b and 4c of the Act,⁶ the reporting requirements for traders set forth in Parts 15, 18 and 19 of the Commission's regulations, and all other applicable requirements of Part 4.

This letter is based upon the representations that you have made to us. Any different, changed or omitted facts or circumstances might require us to reach a different conclusion. In this regard, we request that you notify us immediately in the event that the operations or activities of the Fund change in any way from those as represented to us. Further, this letter represents the position of the Division only. It does not necessarily represent the views of the Commission or any other division or office of the Commission.

If you have any questions concerning this correspondence, please contact me or Natalie A. Markman, an attorney on my staff, at (202) 418-5450.

Very truly yours,

Susan C. Ervin

Acting Director

¹ Commission rules referred to herein are found at 17 C.F.R. Ch. I (1997).

² Commission records indicate that X filed a Notice of Claim for Exemption pursuant to Rule 4.7(a)(3) on behalf of the Fund on February 2, 1994.

³ A is a senior partner at a law firm that provides legal counsel to X.

⁴ X, the Fund's general partner and CPO, owns the remaining approximately 80 percent of the Fund's assets.

⁵ See 7 U.S.C. § 1 *et seq.* (1994).

⁶ 7 U.S.C. §§ 6b and 6c (1994).