

**CFTC Letter No. 98-66****August 10, 1998****Division of Trading & Markets**

Re: Section 4m(1) of the Commodity Exchange Act -- Request for no-action position regarding CPO registration for directors of a feeder fund that is the sole limited partner of "V" and for the general partner of "V" and Request for no-action position regarding CTA registration for the investment manager of "V"

Dear :

This is in response to your letter dated June 18, 1998, to the Division of Trading and Markets (the "Division") of the Commodity Futures Trading Commission (the "Commission"). By letter dated March 16, 1998 and addressed to "A" of your firm, the Division declined to grant a request for: (1) relief from the requirement to register as a commodity pool operator ("CPO") on behalf of the directors of "W", which is the sole limited partner of (and which invests substantially all of its assets in) "V" (the "Pool"); (2) relief from the requirement to register as a CPO on behalf of "X", which is the sole general partner of the Pool; and (3) relief from the requirement to register as a commodity trading advisor ("CTA") on behalf of "Y", which is the investment manager for the Pool. In its letter, the Division stated that there is currently no exception to the obligation to register as a CPO or CTA based solely on the fact that the pool makes, or the CTA recommends, only de minimis investments in the futures markets, and that Division staff believe that notice and comment rulemaking is the appropriate procedure for evaluating whether some type of de minimis exception to the CPO or CTA registration requirements is consistent with the intent of the Commodity Exchange Act and is otherwise in the public interest.

Your June 18 letter sets forth your understanding that the National Futures Association ("NFA") is in the process of preparing a petition for rulemaking concerning a de minimis registration exception for CPOs and CTAs, and in light of that development you request temporary relief from registration for "X", the directors of "W", and "Y" pending the outcome of that rulemaking project.

On June 9, 1998, the Commission received from NFA the rulemaking petition you referenced. The Commission may publish this petition or it may otherwise seek public comment on this matter. In any event, as I noted in my letter of March 16, Division staff believes that until the Commission makes a determination on these issues, it would not be appropriate to address them via the no-action letter process. Your request for interim relief therefore must be denied.

If you have any questions concerning this correspondence, please contact David Battan or Chris Cummings of my staff.

Very truly yours

I. Michael Greenberger

Director