

CFTC Letter No. 98-79**November 20, 1998****Division of Trading & Markets**

Re: Section 4m(1) of the Commodity Exchange Act -- Request for Relief from Registration as a CPO and a CTA

Dear :

This is in response to the letter dated January 15, 1998 ("Letter") from "A" to the Division of Trading and Markets (the "Division") of the Commodity Futures Trading Commission (the "Commission"), as supplemented by your facsimile dated March 13, 1998 and by telephone conversations with Division staff.¹ By this correspondence, you request that the Division grant relief from the requirement to register as a commodity pool operator ("CPO") and as a commodity trading advisor ("CTA") pursuant to Section 4m(1) of the Commodity Exchange Act² ("Act") to: (1) (the "General Partner") in connection with its serving as the general partner of (the "Partnership"); and (2) (the "Investment Manager") in connection with its serving as the investment manager for the Partnership. You represent, *inter alia*, that the Partnership intends to: (1) commit a small percentage of its net asset value to commodity interest trading; (2) require that each of its limited partners be a "qualified eligible participant," an "accredited investor," and a "qualified purchaser" as defined in Commission Rule 4.7(a),³ Rule 501 of Regulation D under the Securities Act of 1933, and Section 2(a)(51)(A) of the Investment Company Act of 1940, respectively; and (3) require a minimum investment of \$1,000,000 to become a limited partner. At this time the Division is unable to grant your request.

As you know, there currently is no exception in the Commission's rules to the obligation to register as a CPO or CTA based on the representations made in your correspondence. In light of the important customer protection issues at stake, Division staff believe that notice and comment rulemaking is the appropriate procedure for evaluating whether some type of *de minimis* exception to the CPO and CTA registration requirements is consistent with the intent of the Act and is otherwise in the public interest. To that end, we invite you to file a petition for rulemaking on this issue or to comment on any future rulemaking initiated by the Commission or by another industry participant.

If you have any questions regarding this correspondence, please do not hesitate to contact Barbara S. Gold, Assistant Chief Counsel, at (202) 418-5450.

Very truly yours,

I. Michael Greenberger

Director

¹ Subsequent to January 15, 1998, "A" ceased his association with your firm and you assumed the responsibility of pursuing the request.

² 7 U.S.C. §6m(1) (1994).

³ Commission Rules referred to herein are found at 17 C.F.R. Ch. I (1997).