

CFTC Letter No. 98-81**November 30, 1998****Division of Trading & Markets****Re: Request for Exemption from the Qualified Eligible Participant Criteria of Rule 4.7**

Dear :

This is in reference to your letter dated October 30, 1997 to the Division of Trading and Markets (the "Division") of the Commodity Futures Trading Commission, as supplemented by your letter dated January 2, 1998 and your facsimile dated January 5, 1998, by which you request on behalf of "X", a registered commodity pool operator ("CPO"), that the Division permit "X", in connection with its operation of (the "Fund"), to treat one of the participants in the Fund as a qualified eligible participant ("QEP") as that term is defined in Rule 4.7(a).¹

Our records indicate that by telephone conversation held on January 21, 1998, Division staff advised you that inasmuch as "X" was not operating the Fund as a Rule 4.7 exempt pool, "X" was not subject to the QEP criteria of Rule 4.7 and that, therefore, Division staff could not issue to it any relief from Rule 4.7. Rather, as Division staff advised you, the CPO of the Rule 4.7 exempt pool into which the Fund sought to invest was the appropriate person to seek such an exemption based upon the facts presented by you.

Until such time as we receive a request for exemption from the QEP criteria of Rule 4.7 from the CPO of the Rule 4.7 exempt pool in which the Fund seeks to invest, we are taking no position on whether the Fund may be treated as a QEP.

If you have any questions concerning this correspondence, please contact Charles T. O'Brien, an attorney on my staff, at (202) 418-5450.

Very truly yours,

I. Michael Greenberger

Director

¹ Commission rules referred to herein are found at 17 C.F.R. Ch. I (1998).