



Commodity Futures Trading Commission

Office of Public Affairs

Three Lafayette Centre

1155 21st Street, NW

Washington, DC 20581

www.cftc.gov

Proposed Rule Regarding Conforming Amendments to Regulations Applicable to Commodity Pool Operators and Commodity Trading Advisors

The Commodity Futures Trading Commission (Commission) announced the publication in the Federal Register of proposed regulations concerning conforming amendments to Part 4 of its regulations, which governs the operations and activities of commodity pool operators (CPOs) and commodity trading advisors (CTAs), resulting from the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)

On July 21, 2010, the Congress passed the Dodd-Frank Act. Among other things, section 721 of the Act amended section 1a of the Commodity Exchange Act (CEAct) to:

- Establish in section 1a(10) of the CEAct a definition of the term “commodity pool” as “any investment trust, syndicate, or similar form of enterprise operated for the purpose of trading in commodity interests, including any . . . swap.”
- Revise the definition of the term “commodity pool operator,” now found in section 1a(11) of the CEAct, to include persons involved with operating a commodity pool that trades in, among other things, swaps.
- Revise the definition of the term “commodity trading advisor,” now found in section 1a(12) of the CEAct, to include persons who provide advice on, among other instruments, swaps.

On February 24, 2011, the Commission proposed regulations that would ensure that the existing Part 4 regulations reflect the new pool definition and the revised CPO and CTA definitions. The comment period closes 60 days from publication in the Federal Register.

CPO and CTA Definitions

Among other things, the Commission’s proposed regulations:

- Adopt a definition of the term “commodity interest,” which includes, among other instruments, “A swap as defined in section 1a(47) of the Act and any Commission regulations implemented thereunder.”
- Amend existing disclosure, reporting and recordkeeping requirements applicable to CPOs and CTAs to reflect swap activities and involvement with swap dealers; and
- Clarify in the context of certain swap activities and transactions the prohibition against trading advisors accepting margin in their own name.