CFTC approves proposed rule regarding exemptions from certain requirements for commodity pool operators, commodity trading advisers and commodity pools.

The CFTC proposed new rules will materially change the definition of a "qualified eligible person," and require minimum disclosure requirements for certain pools and trading programs within their offering memorandums similar to some of the requirements for a registered pool seeking approval to offer a disclosure document and not relying on the exemption under CFTC Regulation 4.7. The proposal would require CPOs of 4.7 pools to provide substantially the same type and level of disclosures as CPOs of non-4.7 exempt pools with certain exceptions.

The CFTC's proposed rulemaking (the proposal) would, among other things:

- double the Portfolio Requirement threshold (i.e., require investors to own $4 million in securities or have on deposit with an FCM for its own account at least $400,000 in initial margin, option premiums, or retail forex security deposits, or satisfy a combination of these two requirements); and
- require CPOs and CTAs relying on Regulation 4.7 to provide uniform disclosures to QEPs.

CPOs and CTAs relying on Regulation 4.7 should review the impact of the heightened Portfolio Requirement and how the QEP Disclosures will affect their current disclosures, which are substantially the same type and level of disclosures as CPOs of non-4.7 exempt pools with certain exceptions. Despite some of the more onerous requirements impacting disclosure for those that are unable to rely on the proposed exemption, the alternative is to seek approval requiring a rigorous review and comment period that may take several rounds of comments.

AFpllc **Alternative Fund, PLLC**, boutique legal and business advisory law firm to fund managers across hedge funds, private equity and venture capital firms. C-suite executive and law firm experienced lawyers with enterprise-wide business know-how working with conventional to complex institutional fund manager organizations and spectrum of typical and esoteric asset classes.

Contact

If you have any questions, please contact us:

www.afundc.com +1 917464 3775 office@afundc.com