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April 11, 2011

Mr. David A. Stawick, Secretary
Commodities Future Trading Commission
Three Lafayette Center
1155 – 21st Street NW
Washington, DC 20581

VIA EMAIL

Re: Proposed Rule 76 FR 7976

Dear Secretary Stawick:

Gray Plant Mooty Mooty & Bennett ("**GPM**") is pleased to have the opportunity to comment on the Commodity Futures Trading Commission's (the "**Commission**") proposal regarding elimination of the exemptions available to commodity pool operators ("**CPO**") (CFTC Commodity Pool Operators and Commodity Trading Advisors: Amendments to Compliance Obligations; 76 Fed. Reg. 7976 (Feb. 11, 2011) (to be codified at 17 C.F.R. Pt 4). (the "**Proposed Rules**"). GPM is a national law firm whose clients include a large number of "Family Office" clients who typically manage securities portfolios, provide personalized financial, tax, and estate planning advice, provide accounting services, and direct charitable giving, in each case for members of a related family.

For the reasons outlined in this letter, GPM and its Family Office clients would like to request that the Commission reconsider its decision to eliminate the exemptions currently existing under Rule 4.13(a)(3) and Rule 4.13(a)(4). We believe that Congress, in providing for an exemption for Private Funds, Venture Capital Funds, Non-US based Funds and Family Offices under the Investment Advisers Act, as amended, (the "**Investment Act**") reinforced the idea that some exemptions from the registration provisions of the various Securities laws for small or limited funds was appropriate. We further believe that Rule 4.13(a) (3) and Rule 4.13(a)(4) are sufficiently limited to keep the Commission's rules within proper alignment with the Dodd Frank Act, and the rules and regulations contained in the Investment Act.

In the event that, after reconsideration, the Commission elects to eliminate the exemptions as provided in the Proposed Rules, we respectfully request that the Commission consider adopting an exemption for Family Offices similar to the exemption contained in the Dodd Frank Act and as proposed by the Securities and Exchange Commission ("SEC"), with some of the modifications to the definitions suggested by commentators for Family Offices under the Investment Advisers Act (17 C.F.R. Pt. 275 (2010)). We believe that Congress and the SEC correctly determined that the registration of Family Offices was not necessary to provide protection for members of the Family Office. Further, Congress concluded that any benefit to the public markets at large was outweighed by the potential cost, administrative burden, and harm to the privacy of the Family Office and its underlying family members.

We note that, the new Investment Act rules would require Venture Funds and Private Funds (as such terms are defined in the SEC's proposed rules) to provide limited information, it does not require the same reporting from Family Offices. We believe this is the correct determination and that neither the interests of the members of the Family Office, nor the interest of the public requires such registration and disclosure. Since one of the stated purposes of the elimination of the exemptions referenced above is that the Proposed Rules work in concert with Dodd Frank and other applicable regulations, such as the Investment Act, then such coordination would lead one inextricably to the creation of an exemption for Family Offices similar to that proposed by Dodd Frank and the SEC for the Investment Act.

Privacy Concerns Outweigh the Benefit of Registration

The Commission has not suggested requiring individual investor's funds to register as a CPO, even if that investor fund has a substantial portfolio. There are many reasons for this, but one of the reasons is a desire to limit intrusion into the private trading practices of individuals. Many individuals are extremely sensitive to disclosure of their private finances and the delicate balance of protecting the public, while limiting the intrusion in the private lives of individuals, is crucial to creating a workable business environment and active trading markets.

The elimination of the exemptions by the Proposed Rules without the creation of an exemption for Family Offices would have the unintended consequence of forcing private families to disclose personal financial information to not just the Commission but effectively to the world. The inequity in this is that no such disclosure would be required had these related family members not chosen to pool their collective economic and administrative resources. We believe that the adverse impact on the privacy of the Family Office that would occur if disclosure of financial information is required far outweighs any limited benefit that such disclosure might provide.

The Cost of Disclosure Would Outweigh the Benefits

Finally, we believe that the cost and effort to meet the registration and ongoing reporting requirements would create a substantial burden on each Family Office. Many of these organizations are small with few employees. Often, these organizations are formed in part to decrease the total administrative burden of managing family assets. Requiring them to complete complex registration and ongoing reporting requirements would create incremental administrative burdens they would not otherwise have as an individual. The time and cost would be substantial. The Commission has stated that a great many organizations have used the existing exemptions to avoid registration, however, the number of Family Offices is limited. We believe that the administrative costs would far outweigh the benefit that the information would provide in the marketplace.

The Elimination Of The Exemption Of CTA's Would Create Unnecessary Burden

We further believe that the Commission should not elminate the exemption of Commodity Trading Advisers ("CTA's) Rule 4.14(a)(8)(i)(D) in the event the Commission agrees with our arguments above. If the Commission agrees with us in either keeping the two exemptions or creating a new Family Office exemption then the continuation of the exemption for CTA's to such funds is appropriate for the same reasons the Commission stated in its initial rules release creating that exemption (CFTC Additional Registration and Other Regulatory Relief for

Commodity Pool Operators and Commodity Trading Advisors; Past Performance Issues, 68 Fed. Reg. 47, 221, (Aug. 8, 2003) (to be codified at 17 C.F.R. Pt. 4).

If the Commission decides to eliminate the existing exemptions, at least the adoption of a more narrow exemption (like the proposed SEC rule) seems justified.

GPM appreciates the opportunity to comment on the Proposed Rules. If the Commission or any of its staff members have any questions concerning the comments in this letter, please do not hesitate to contact the undersigned at (612) 632-3420.

GRAY, PLANT, MOOTY,
MOOTY & BENNETT, P.A.

By: _____
Francis V. Vargas, Esq.

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