

April 20, 2012

Mr. David A. Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

Daniel F. Danello

T 202.344.4516  
F 202.344.8300  
dfdanello@venable.com

Re: Regulation 4.5 Harmonization

Dear Mr. Stawick:

We are responding to the request of the Commodity Futures Trading Commission (CFTC) for comment on its effort to harmonize its exemption from commodity pool operator (CPO) registration for single-family offices and the exemption of the Securities and Exchange Commission (SEC) from investment adviser registration for single family-offices.<sup>1</sup>

We strongly encourage the CFTC to codify its family office exemption, which we view as another significant cooperative initiative between the CFTC and SEC intended to avoid conflicting requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act).

We endorse the comment letter filed by the Private Investor Coalition (PIC) that recommends single-family offices be exempted from CPO registration as well as commodity trading advisor (CTA) registration.

1. Exemption Is Consistent with CFTC Precedent.

The CFTC has laid the groundwork for codifying the exemption of single-family offices from CPO and/or CTA registration. For over three decades, the CFTC has provided relief from CPO and/or CTA registration in its many replies to written requests from single-family offices for advice on, or interpretation of, these particular provisions of the Commodity Exchange Act as applied to the activities of family offices. In examining this issue and granting such relief over many years, the CFTC has consistently found that there is no substantial public interest in requiring single family offices to register as CPOs and/or CTAs. Embedding in the CFTC rules the long-standing exemption of single-family offices from CPO and/or CTA registration both validates the CFTC's private letter process and avoids unintended consequences that a sudden shift in law or policy often entails.

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<sup>1</sup> 77 FR 11348 (February 24, 2012).

Mr. David A. Stawick

April 20, 2012

Page 2

2. Exemption Is Cost-Efficient


We support the proposal in the PIC comment letter that the CFTC establish the exemption of single-family offices from CPO and/or CTA registration (and thereby from certain notice filing, disclosure, recordkeeping, and other requirements) through amendment of CFTC Rules 4.10 and 4.14. By its nature, letter-based relief is expensive for both the petitioners and reviewers. Adopting broad-based relief for single-family offices appropriately recognizes that the CFTC and single-family offices both have an obligation to prudently manage limited resources. We encourage the CFTC to take advantage of its available resources to craft an exemption consistent with the scope of previously issued CFTC staff interpretative, exemptive, and no-action relief letters and employing the SEC's developed framework for excluding single family offices from the definition of "investment adviser" in the Investment Advisers Act of 1940.

3. Exemption Is Congruent with Congressional Intent and SEC Action

We commend the CFTC's focus on harmonizing its rules and comparable SEC rules, a goal Congress sought to ensure in the Dodd-Frank Act. The effective dates for new Dodd-Frank Act requirements are fast approaching, and avoiding duplicative, inconsistent, or conflicting rules is essential for a smooth transition and for creating certainty for entities which must take the practical steps necessary to implement the new rules. We hope that aligning the CFTC's exemption of single-family offices from CPO and/or CTA registration and the SEC's exemption of single family offices from investment adviser registration strengthens the cooperative relationship between the agencies that is critical to providing such certainty to market participants moving forward and sustaining our economic recovery.

Thank you for your consideration of our comment letter.

Sincerely,



Daniel F. Danello