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RIN 3038-AE47

Christopher Kirkpatrick
Division of Swap Dealer and Intermediary Oversight
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Sent via the CFTC website at: <http://comments.cftc.gov>

20 September 2016

Dear Mr. Kirkpatrick,

AIMA's comments on the CFTC proposal regarding Commodity Pool Operator Annual Report

The Alternative Investment Management Association Limited¹ (AIMA) welcomes the opportunity to submit its comments to the Commodity Futures Trading Commission (Commission or CFTC) in relation to its proposal to amend certain of its regulations applicable to the Annual Report that each person registered or required to be registered as a commodity pool operator ('CPO') must distribute for each commodity pool that it operates (the 'Proposal').

AIMA welcomes the codification of certain exemptive relief the Commission staff has provided from specific Part 4 requirements on a case-by-case basis. However, it would be helpful if the Commission would expand the scope of the final rule to codify additional situations that are not covered by the rule proposal but where relief was provided in the past by CFTC staff (i.e., permitting up to 18 month audits, with the count started from the first day of trading, and relief not being contingent on the size of the pool). Additionally, if the Commission could please confirm that the adoption of the Proposal will not foreclose CPOs who do not meet the requirements of the revised Part 4 regulations from seeking (or being granted) exemptive relief on a case-by-case basis in the future, in line with prior exemptive reliefs granted for initial annual report period of longer than 15 months.

The Commission specifically requested comment regarding whether it should adopt an exemption whereby a CPO could claim relief from the annual report audit requirement for a pool in which the only participants are the CPO and one or more other "insiders" (i.e., the

¹ AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with more than 1,700 corporate members in over 50 countries. AIMA works closely with its members to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes, and sound practice guides. Providing an extensive global network for its members, AIMA's primary membership is drawn from the alternative investment industry whose managers pursue a wide range of sophisticated asset management strategies. AIMA's manager members collectively manage more than \$1.5 trillion in assets.


The Alternative Investment Management Association Ltd

persons identified in proposed Regulation 4.22(g)(2)(ii), regardless of the amount of capital contributed to the pool.² AIMA recommends that the Commission adopt such an exemption, and expand the categories of “insiders” for this purpose to include not only those persons identified in proposed Regulation 4.22(g)(2)(ii), but also an entity that wholly owns or is under common ownership with the CPO, the pool’s commodity trading advisor and/or any principal thereof, i.e., parent and sister entities as well as subsidiaries. AIMA also recommends that trusts beneficially owned and controlled by principals, or their parents, spouses, siblings or children also be included. We believe that these additions will codify the relief previously granted by staff letters to certain “seed” pools and will obviate the need for the operators of such pools to seek individualized relief.

The Commission’s comment request also asked what other criteria, if any, should be required with respect to such an exemption. AIMA recommends that, in addition to having no limit on capital contributions, there should be no limit on the number of participants. AIMA further recommends that the operator of such a pool provide a disclosure to the insiders in an offering memorandum, subscription agreement or other organisational document that no audited annual report will be provided so long as only insiders are permitted investors. That will make it unnecessary to obtain subsequent waivers of the audited annual report requirement, and assure that investors are apprised of this circumstance when they make their investment, rather than after the fact.

We hope you find our comments useful and would be more than happy to answer any questions you may have in relation to this letter.

Yours sincerely,



Jiří Król
Deputy Chief Executive Officer
Global Head of Government Affairs

² 81 Fed. Reg. 51828, 51830 (August 5, 2016).