



June 10, 2020

Via Email: secretary@cftc.gov
Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**Re: RIN 3038—AE98: Amendments to Compliance Requirements for
Commodity Pool Operators on Form CPO-PQR**

Dear Mr. Kirkpatrick:

National Futures Association (NFA) appreciates the opportunity to comment on the Commodity Futures Trading Commission's (CFTC or Commission) proposed amendments to Commission Regulation 4.27 regarding CFTC Form CPO-PQR. NFA supports the Commission's efforts to streamline and simplify the reporting requirements for commodity pool operators (CPOs), and believes the proposal will satisfy the Commission's goal of reducing reporting requirements in a manner that continues to facilitate effective oversight of CPOs and the pools that they operate. The proposing release requests comments on two topics that are especially relevant to NFA—Schedule of Investments and Alternative Filing of SEC Form PF. We respectfully request that the Commission consider the below comments on these two topics, as well as our comments on possible changes to the Form's Reporting Instructions.

Schedule of Investments

As the Commission noted in the proposing release, since 2010, NFA has required CPO Members to file NFA Form PQR. NFA adopted the requirement to obtain data for NFA staff to assess risks, identify trends and assign examination priorities for CPO Members. The information required by NFA Form PQR is for the most part a subset of the information currently required by the CFTC in its Form. As a result, in order to simplify filing requirements for NFA Member CPOs, when the Commission adopted its filing requirement and required CPOs to file CFTC Form CPO-PQR through NFA's Easy-File System, we embedded the information required by NFA's Form into the Commission's Form and adjusted the Schedule of Investments to align with the Commission's reporting categories and to lower the reporting threshold from 10% to 5%.

In the proposing release, the Commission requests comment on the content of the Schedule of Investments, including whether the Commission should amend it to make it align with the schedule that appeared in NFA's Form PQR in 2010.

NFA fully supports this amendment because we believe a more streamlined schedule will significantly alleviate filing burdens on CPOs without negatively impacting the usefulness of the information that is collected. As the Commission notes in its proposing release, most of the transaction and position information that the Commission uses for its surveillance activities is available on a more-timely basis than the information received in CFTC Form CPO-PQR. While the Commission acknowledges that these data streams do not provide the pool specific type information set forth in the Schedule (and the remainder of Schedule B and Schedule C), the Commission has preliminarily determined that with certain additional analysis and information (e.g., CPO and pool Legal Entity Identifiers) it will have the tools to effectively oversee and assess the impact of CPOs and their pools in the commodity interest markets.

Similarly, NFA does not have a need for the more granular information currently in the Schedule. Although, in order to simplify CPO filing requirements, NFA amended its Schedule of Investments to align with the Commission's, the information NFA collected in its original form is sufficient for NFA's risk assessment purposes, and we do not believe the granularity of the current Schedule of Investments has improved our analysis. Moreover, based on our experience over the past few years, very few CPOs include any balances on a significant number of line items set forth in the current schedule. For all these reasons, NFA believes that the Schedule of Investments that appeared in NFA's 2010 Form PQR elicits the information necessary for both the CFTC's and NFA's needs.

SEC Form PF

In the proposing release, the Commission notes that CFTC Form CPO-PQR and Securities and Exchange Commission (SEC) Form PF will be less aligned based on the proposed changes to CFTC Form CPO-PQR, which will result in dually registered CPOs having noticeably different filing obligations from CPOs that are only subject to the Commission's jurisdiction. To address this potential concern, the Commission requests comment on whether CPOs should be required to file all or part of SEC Form PF with NFA in lieu of filing CFTC Form CPO-PQR. NFA does not support this alternative.

Again, as the Commission noted in the proposing release, the Commission believes that it will have sufficient tools with the amended CFTC Form CPO-PQR and other data streams to effectively oversee registered CPOs and the commodity interest markets, and therefore NFA does not believe that there is any need to ensure similar reporting obligations. In addition, while rescinding CFTC Form CPO-PQR and requiring all CPOs to file Form PF may provide some limited benefits to dually registered CPOs, it would not address any of the concerns raised by other CPOs since the information required by SEC Form PF is at least as burdensome as the Commission's current CFTC Form CPO-PQR. Finally, SEC Form PF includes significantly more information than NFA needs, and, even if the Commission rescinds its

Form CPO-PQR, NFA would continue to require CPOs to file NFA Form PQR, which is tailored to NFA's needs and is not a significant burden on Members to complete.

Reporting Instructions

NFA also requests the Commission review the reporting instructions for any changes necessary based on the final rule amendments. For example, reporting instructions 3 and 5 relate to the aggregation of Parallel Managed Accounts, Parallel Pool Structures and Master-Feeder Arrangements for purposes of determining whether a CPO meets the reporting thresholds. Under the Commission's proposal, the reporting requirements for CPOs will no longer be dependent on reporting thresholds, and NFA recommends that the Commission consider whether these instructions and the related definitional terms should be eliminated.

NFA also requests that the Commission take this opportunity to consider eliminating the guidance set forth under the "Investments in other Pools generally" heading of reporting instruction 4. This guidance allows a CPO to disregard a Pool's equity investments in other Pools for purposes of Form CPO-PQR in certain circumstances. NFA believes that Form CPO-PQR should account for the pool's investment in other pools, including reporting these investments as part of the assets under management in questions 2 and 8, in the calculation of the monthly rates of return in question 9 and as investments in the funds section of the schedule of investments in question 11. This reporting helps NFA identify pool assets that may also be reported by another pool or fund.

NFA appreciates the opportunity to comment on the Commission's proposal, and we are available to assist the Commission if it determines to further amend the schedule of investments. If you have any questions concerning this letter, please do not hesitate to contact Regina Thoele at 312-781-1327 or rthoele@nfa.futures.org or me at 312-781-1409 or cwooding@nfa.futures.org.

Very truly yours,



Carol A. Wooding
Senior Vice President,
General Counsel and Secretary

/caw/comment letters: PQR Changes