



asset management group

June 15, 2020

Mr. Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: **Proposed Amendments to the Compliance Requirements for Commodity Pool Operators on Form CPO-PQR (RIN 3038-AE98)**

Dear Mr. Kirkpatrick:

The Asset Management Group of the Securities Industry and Financial Markets Association (“**SIFMA AMG**” or “**AMG**”)¹ respectfully submits this comment letter to the Commodity Futures Trading Commission (the “**Commission**” or “**CFTC**”) with respect to the Commission’s proposal to amend certain compliance requirements for commodity pool operators on Form CPO-PQR (the “**Proposal**”).² AMG supports the Commission’s efforts to streamline current Form CPO-PQR and encourages the Commission to adopt the Proposal along with the suggestions outlined below. In doing so, the Commission will serve to help ease unnecessary burdens for market participants required to file Form CPO-PQR or National Futures Association (“**NFA**”) Form PQR while increasing the overall regulatory value of the information obtained by the Commission.

¹ SIFMA AMG brings the asset management community together to provide views on policy matters and to create industry best practices. SIFMA AMG’s members represent U.S. and multinational asset management firms whose combined global assets under management exceed \$39 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds.

² Amendments to Compliance Requirements for Commodity Pool Operators on Form CPO-PQR, 85 Fed. Reg. 26378 (May 4, 2020).

AMG applauds the Commission's reassessment of Form CPO-PQR and agrees that the Form should be revised in a way that would improve the Commission's ability to exercise its oversight of commodity pool operators ("CPOs") and their operated pools and to combine this oversight into its holistic market surveillance program. As stated in the preamble accompanying the Proposal (the "**Preamble**"), the Commission's original purposes for the data collected via Form CPO-PQR were: (i) to increase the Commission's understanding of its registrant population; (ii) to assess the market risk associated with pooled investment vehicles under its jurisdiction; and (iii) to monitor for systemic risk.³ AMG agrees with the Commission's preliminary conclusions that the Commission could better accomplish these goals with a simplified, more targeted form that refrains from asking required filers to provide unnecessary information. We further agree with Chairman Tarbert's statement in support of the Proposal that the CFTC should not require market participants to provide information that the CFTC has neither the resources nor the ability to analyze with the Commission's other data streams.⁴

We believe the Proposal is generally well aligned with its intended purpose, and suggest four additional targeted revisions that would further accomplish the Commission's goals:

- (1) removal of instructions related to "Parallel Managed Accounts," which are either not relevant to Form CPO-PQR as proposed to be revised or inconsistent with the Commission's express goals underlying the Proposal;
- (2) addition of instructions permitting more efficient reporting of master-feeder arrangements;
- (3) streamlining the schedule of investments to eliminate data elements that do not serve the Commission's goals; and
- (4) providing CPOs that are dually registered as investment advisers with the Securities and Exchange Commission (the "**SEC**") under the Investment Advisers Act of 1940 (the

³ Proposal at 26379 – 80.

⁴ See Statement of Chairman Heath P. Tarbert in Support of Revising Form CPO-PQR (April 14, 2020). See also, Statement of Support by Commissioner Brian Quintenz Regarding Amendments to Compliance Requirements for Commodity Pool Operators on Form CPO-PQR (April 14, 2020); Statement of CFTC Commissioner Rostin Behnam Regarding Amendments to Compliance Requirements for Commodity Pool Operators and Form CPO-PQR (April 14, 2020); Statement of Commissioner Dawn D. Stump Regarding CFTC Open Meeting on April 14, 2020 (April 14, 2020); and, Statement of Commissioner Dan M. Berkovitz on Proposed Rule to Amend Form CPO-PQR Reporting Requirements for Commodity Pool Operators (April 14, 2020).

“**Advisers Act**”) the option, on a voluntary basis, of filing Form PF with the SEC with respect to Pools they operate, in lieu of filing revised Form CPO-PQR.

I. Summary of Proposal and the Commission’s Request for Comments

The Commission has proposed amendments to Form CPO-PQR and Rule 4.27 that would:

- (1) Create a revised Form CPO-PQR to be filed by all CPOs, regardless of size (“**Revised Form CPO-PQR**”),⁵ that would amend the current form to (a) eliminate existing Schedules B and C; (b) incorporate into Revised Form CPO-PQR a requirement for all CPOs to provide a schedule of investments for each Pool (currently required in Schedule B); (c) add a requirement to provide Legal Entity Identifiers (“**LEIs**”) for CPOs and their operated pools that have them; and (d) eliminate questions regarding pool auditors and marketers;
- (2) Require all CPOs to file Revised Form CPO-PQR quarterly (rather than requiring only annual filings for CPOs other than “Large” CPOs);
- (3) Permit CPOs to file NFA Form PQR, a comparable form required by the NFA, in lieu of filing Revised Form CPO-PQR; and
- (4) No longer permit CPOs to file Form PF in lieu of Form CPO-PQR.

As explained in the Preamble, the Commission preliminarily believes that these amendments would focus Form CPO-PQR on data elements that facilitate the Commission’s oversight of CPOs and their pools in connection with its use of other Commission data streams and regulatory initiatives while reducing overall data collection requirements for market participants.

The Commission has asked for comment generally on all aspects of the Proposal, as well as a number of specific questions, including questions on the scope of Revised Form CPO-PQR.

⁵ Form CPO-PQR currently applies different information and reporting frequency requirements to CPOs depending on whether they are classified as “Small,” “Mid-Sized,” or “Large,” based on assets under management. References to “all CPOs” in this letter refer to all registered CPOs that are required to file Form CPO-PQR under Rule 4.27.

II. AMG's Comments

A. Improvement of Data Elements Required by the Revised Form CPO-PQR

The Proposal would increase the data collected by means of current Form CPO-PQR in some respects, with a view to improving the quality of data collected and the Commission's ability to make effective use of it, while eliminating other data that the Commission has not found useful for accomplishing its regulatory goals, and would require the same data elements from all CPOs. We address each proposed change to the Form in turn. We also make a number of additional recommendations for improving the data elements required in Revised Form CPO-PQR, in line with the Commission's goals.

1. Elimination of Schedules B and C; Requirement of Pool Schedules of Investments for all CPOs

SIFMA AMG supports the Commission's proposal to eliminate Schedules B and C and to incorporate the requirement to file a schedule of investments for each Pool, which is currently in Schedule B, into the form for all CPOs, regardless of size.

The Commission adopted Form CPO-PQR in 2012. In adopting Schedules B and C, which require extensive and detailed pool specific data from Mid-Sized CPOs (Schedule B) and Large CPOs (Schedules B and C), the Commission recognized that the data would have some limitations, but believed that, in light of the 2008 financial crisis and the sources of risk delineated in the Dodd-Frank Act with respect to private funds, this information was necessary and appropriately balanced to assess the risks posed by a pool or a CPO's operations as a whole.⁶

Now, after seven years of experience with Form CPO-PQR, the Commission has engaged in a re-assessment of the scope of the Form and its alignment with the Commission's current regulatory priorities. The Proposal reflects the "lessons learned" from these years of experience with Form CPO-PQR, as well as the Commission's experience with the more robust and timely data streams and market surveillance tools the Commission has developed in the years since the Dodd-Frank Act was adopted.

⁶ See Commodity Pool Operators and Commodity Trading Advisors: Compliance Obligations, 77 Fed. Reg. 11252, 11281 (Feb. 24, 2012).

As described in the Preamble, the Commission's ability to make full use of the more detailed information collected under Form CPO-PQR has not met the Commission's initial expectations. The Preamble describes a number of reasons for these limits on the practical utility of the detailed pool specific information required in Schedules B and C. First, these schedules permit CPOs flexibility in how they calculate and present certain of the data elements. This flexibility, while necessary in order to take into account the different ways in which CPOs maintain information, results in data that does not lend itself to "apples-to-apples" comparisons, which significantly challenges the Commission's ability to identify trends across CPOs or pools.⁷ Second, Form CPO-PQR was never designed to collect "real time" data. Over the years it has become apparent that the infrequent (annual or quarterly) and delayed (sixty to ninety days from period end, depending on the size of the CPO) nature of Form CPO-PQR reporting has also hindered the Commission's ability to use this information to assess the impact of CPOs and operated pools, as market conditions and CPO risk profiles may significantly change by the time the current Form CPO-PQR is filed with the Commission.⁸ Finally, these challenges have arisen in the context of the Commission's resource constraints and overall regulatory priorities.

At the same time, however, the Preamble describes the Commission's development of other data streams and regulatory initiatives that address similar and related goals and have proved more successful. These new data collection capabilities, which postdate adoption of Form CPO-PQR, have been designed to enhance the Commission's ability more broadly to surveil financial markets for risks posed by all types of market participants, including CPOs and their operated pools. The Preamble demonstrates that the Commission has carefully considered the utility of the data currently collected on Form CPO-PQR, balanced against the successful use of its other data streams.

AMG applauds the Commission's undertaking of this reassessment of the need for Schedules B and C and agrees with the Commission's revised assessment of the limited utility of the information currently required by these schedules, especially as weighed against the significant burdens on CPOs required to provide it. The reporting burdens imposed by Schedules B and C are substantial. The Preamble indicates that there is not an effective use for this information that justifies the burdens.⁹ Moreover, there is a cost to the Commission in collecting and storing information that, for the reasons described in the Preamble, it cannot effectively use.

⁷ Proposal at 26381.

⁸ *Id.*

⁹ *Id.* at 26380.

Additionally, AMG supports having one streamlined form for all CPOs, which will also eliminate the burdensome process of determining whether a CPO or Pool meets reporting thresholds, which have proved difficult to apply.

In the process of this reassessment, the Commission has determined that one element of Schedule B, the requirement to provide a Schedule of Investments for each Pool operated by the CPO, should be retained. Furthermore, while current Form CPO-PQR requires the Schedule of Investments only for Mid-Sized and Large CPOs, and for Mid-Sized CPOs only on an annual basis, Revised Form CPO-PQR will require this information from all CPOs on a quarterly basis, and thus increase the universe of CPO data collected by the Commission on the Form. The Commission has asked for comment on whether the Schedule of Investments should be adjusted given the Commission's overall goals in the Proposal and the increased requirement for Small CPOs. AMG believes that certain adjustments in the Schedule of Investments are appropriate, and we address this question in a separate section, below.

2. Addition of Legal Entity Identifiers (LEIs)

AMG supports the Commission's proposal to amend Form CPO-PQR to require information about LEIs.

The Commission is proposing to require CPOs to report the CPO's LEI, as well as the LEIs of Pools they operate, on Revised Form CPO-PQR, to the extent that the CPO and Pools have LEIs. CPOs and Pools that do not have LEIs would not be required to obtain them for purposes of the Form.

As described in the Preamble, the Commission believes that the inclusion of LEIs for the CPO and its operated pools would be key to helping facilitate the integration of information provided on Revised Form CPO-PQR with the Commission's existing more developed data streams that provide a more timely, standardized and reliable view into relevant market activity than current Form CPO-PQR on its own. For this reason, these LEIs will make information collected on Revised Form CPO-PQR much easier to combine into a holistic surveillance program. The inclusion of existing LEIs within the smaller data set that the Commission will collect on Revised Form CPO-PQR "should enable the Commission to more efficiently and accurately synthesize the various Commission data streams on an entity-by-entity basis."¹⁰ The Commission has preliminarily determined that "this improved data integration would mitigate the need to engage in a more extensive, and likely more burdensome, effort

¹⁰ *Id.* at 26383.

to improve the utility of the data fields requested in current Schedules B and C.”¹¹

AMG supports this aspect of the Proposal, which serves to improve the Commission’s ability to use and integrate data it collects while reducing the regulatory burdens on CPOs.

3. Removal of Questions Regarding Auditor and Marketers

AMG supports the proposal to remove the questions regarding auditors and marketers.

Although the Commission is proposing to continue to receive the majority of the information currently collected in Schedule A of Form CPO-PQR, Revised Form CPO-PQR would eliminate the questions regarding the pool’s auditors and marketers. As explained in the Preamble, the information currently requested on Form CPO-PQR with respect to the pools’ auditors and marketers is already submitted to, or accessible by, the Commission and NFA through other means, and accordingly it is redundant and unnecessary to require reporting of this information on Form CPO-PQR as well. As the Preamble states, the Commission preliminarily believes that the availability of this information from alternative data sources “obviates the need for obtaining this information through Revised Form CPO-PQR.”¹²

AMG supports the Commission’s efforts to more effectively use its existing sourcing of information in order to reduce regulatory burdens on market participants.

4. Comments on Additional Adjustments to the Form

The Commission has asked a number of questions related to the scope of proposed Revised Form CPO-PQR. We have the following suggestions.

(a) Removal of Instructions Related to “Parallel Managed Accounts”

¹¹ *Id.* at 26382. As stated in the Preamble, “the data currently collected in Form CPO-PQR cannot be easily aggregated with other market information that the Commission collects, and, as such, has not been integrated into the Commission’s market oversight function, which limits its utility to the Commission. Specifically, the lack of LEI information for CPOs and their operated pools makes it challenging to align it with the data received from DCOs, DCMs, SDRs, and FCMs to compile a view into the operations of CPOs and pools and the various roles such entities inhabit within the commodity interest markets.” *Id.* at 26383. The Proposal to require the CPO’s and the operated Pools’ LEIs, to the extent they have them, is intended to address this integration concern.

¹² Proposal at 26383.

AMG requests that the CFTC further amend Revised Form CPO-PQR to remove the instructions relating to Parallel Managed Accounts.

Revised Form CPO-PQR includes two instructions relating to “Parallel Managed Accounts.”¹³ A Parallel Managed Account is defined in Revised Form CPO-PQR as “any managed account or other pool of assets that the CPO operates that pursues substantially the same investment objective and strategy and invests side-by-side in substantially the same assets as the identified Pool.”¹⁴

AMG believes that the concept of Parallel Managed Accounts, which the current Form CPO-PQR borrowed from Form PF, no longer has relevance for Revised Form CPO-PQR. Accordingly, retention of the instructions will at best cause confusion and at worst lead to collection of information that will be burdensome for CPOs to provide without serving the Commission’s goals in proposing Revised Form CPO-PQR.

Under current Form CPO-PQR, the main function of the Parallel Managed Account definition and provisions is to require aggregation of assets in these accounts with related Pools for purposes of determining the appropriate reporting threshold and relating filing requirements, specifically (a) whether the CPO is “Small,” “Mid-Sized,” or “Large,” which would determine how frequently the CPO must file the Form and whether Schedules B and C are required, and (b) whether a particular Pool is a “Large Pool,” and thus must be included in Schedule C. Aggregating Parallel Managed Account assets under the current Form thus results in more CPOs filing Schedules B and C, more CPOs reporting on a quarterly basis, and more Pools reporting on Schedule C.

Under Revised Form CPO-PQR, there are no reporting thresholds and no Schedule B or C, and all CPOs would file quarterly. Thus, the concept of aggregating Parallel Managed Accounts for determining the reporting thresholds would be meaningless. Accordingly, the instruction in Revised Form CPO-PQR that requires aggregation of Parallel Managed Accounts for reporting threshold purposes is superfluous and should be removed to avoid confusion.¹⁵

¹³ Instructions 3 and 5 of Revised Form CPO-PQR.

¹⁴ Proposal at 26396.

¹⁵ See Instruction 5, which provides as follows with respect to Parallel Managed Accounts:

Instruction 5. I am required to aggregate funds or accounts to determine whether I meet a reporting threshold, or I am electing to aggregate funds for reporting purposes. How do I “aggregate” funds or accounts for these purposes? . . .

In addition, Revised Form CPO-PQR retains the following instruction:

Instruction 3. The CPO May Be Required to Aggregate Information Concerning Certain Types of Pools. For the parts of Form CPO-PQR that request information about individual Pools, you must report aggregate information for Parallel Managed Accounts and Master Feeder Arrangements as if each were an individual Pool, but not Parallel Pools. Assets held in Parallel Managed Accounts should be treated as assets of the Pools with which they are aggregated.

This instruction is also carried over from the current Form. It is not at all clear what this would mean under Revised Form CPO-PQR, where the vast majority of pool-specific data elements, which are

Where you are aggregating dependent parallel managed accounts to determine whether you meet a reporting threshold, assets held in the accounts should be treated as assets of the Pools with which they are aggregated. . . .

Example 2.

You advise a parallel pool structure consisting of two pools, named parallel pool A and parallel pool B. You also advise a related dependent parallel managed account. The account and each fund have invested in corporate bonds of Company X and have no other assets or liabilities. The value of parallel pool A's investment is \$400, the value of parallel pool B's investment is \$300 and the value of the account's investment is \$200.

For purposes of determining whether either of the parallel pools is a qualifying Pool, the entire parallel fund structure and the related dependent parallel managed account should be treated as a single Pool whose only asset is \$900 of corporate bonds issued by Company X.

If you elect to aggregate the parallel fund structure for reporting purposes, you would disregard the dependent parallel managed account, so the result would be a single Pool whose only asset is \$700 of corporate bonds issued by Company X.

Note that the confusion caused by retaining Instruction 5 would also be exacerbated by the reference in this instruction to "Dependent Parallel Accounts." This reference is a misnomer, and appears to have been incorporated into Form CPO-PQR inadvertently from Form PF. See Q&A 10, CFTC Division of Swap Dealer and Intermediary Oversight Responds to Frequently Asked Questions Regarding Commission Form CPO-PQR (Nov. 5, 2015), https://www.cftc.gov/sites/default/files/idc/groups/public/@newsroom/documents/file/faq_cpocta110515.pdf ("**Form CPO-PQR FAQs**") ("The term "dependent parallel managed accounts" is not a term that has been defined in the Form CPO-PQR. As such, any reference to a "dependent parallel managed account" in the instructions should be read to mean "parallel managed account.")

currently required by Schedules B and C, have been eliminated.¹⁶ It has already been clarified that Form CPO-PQR does not call for relationship information with respect to Parallel Managed Accounts.¹⁷

To the extent that this instruction means that for other questions relating to Pools, such as the Pool Schedule of Investments, Revised Form CPO-PQR would call for information about non-Pool assets that are held in managed accounts that follow the Pool's strategy, AMG believes that is not consistent with the Commission's regulatory goals of integrated and more effective coordination of data collection underlying the Proposal, and indeed would thwart such goals.¹⁸ Including non-Pool assets in, for example, the Pool's Schedule of Investments could skew data and frustrate the Commission's efforts to analyze CPOs from other data sources. The concept of Pool reporting that includes Parallel Managed Account assets is unique to Form CPO-PQR; as discussed below, even Form PF, from which the Parallel Managed Account concept derives, does not require it, and indeed discourages it. Swap Data Repositories ("SDRs") do not collect this information as part of a Pool's transactions. Accordingly, if Pool information reported on Revised Form CPO-PQR includes aggregate numbers and data from Parallel Managed Accounts, Revised Form CPO-PQR data will not be aligned with data collected under the Commission's other data streams under the same LEIs, and thus the integration of information collected on Revised Form CPO-PQR using the new LEI information will generate discrepancies that will require additional Commission efforts and resources to resolve and may even frustrate the very purpose of the LEI addition to the CPO-PQR.

Both the Commission and the SEC recognized a similar concern in adopting Form PF. As originally proposed, Form PF would have required CPOs to consider Parallel Managed Accounts for two purposes: (1) aggregation for determining reporting triggers and (2) reporting data in the Parallel Managed Accounts.¹⁹ In the final form, the two Commissions determined that only the first of these purposes was appropriate and eliminated the requirement to report Parallel Managed Account data, with one exception.

¹⁶ Note that even under the current Form CPO-PQR, the instructions relating to Parallel Managed Accounts have, from the inception of the Form, been a source of substantial interpretive difficulty and confusion. In the Form CPO-PQR FAQs, more Q&As are devoted to responding to questions on this concept than any other item on the Form.

¹⁷ Help text in the current Form states that "You do not need to report relationships for your parallel managed accounts however."

¹⁸ Additional Questions on Revised Form CPO-PQR where Instruction 3 could be confusing and elicit anomalous or skewed data include Question 8 (Pool's Statement of Changes Concerning Assets Under Management) and Question 9 (Pool's Monthly Rates of Return).

¹⁹ See Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, 76 Fed. Reg. 8068, 8079 (Feb. 11, 2011).

With respect to parallel managed accounts, commenters encouraged us not to require aggregation for reporting purposes or at least limit the questions that require advisers to aggregate parallel managed accounts for reporting purposes. In particular, these commenters argued that aggregating these funds for reporting purposes would be difficult and “result in inconsistent and misleading data” because their characteristics are often somewhat different from the funds with which they are managed. **We are persuaded that including parallel managed accounts in the reporting may reduce the quality of data while imposing additional burdens on advisers. As a result, the instructions have been revised so that advisers are not required to aggregate parallel managed accounts with their private funds for reporting purposes.** A question has, however, been added to the Form requiring advisers to report the total amount of parallel managed accounts related to each reporting fund. This will allow FSOC to take into account the greater amount of assets an adviser may be managing using a given strategy for purposes of analyzing the data reported on Form PF.²⁰

Moreover, the SEC staff subsequently went further and sought to discourage filers from including Parallel Managed Account data for reporting purposes. In the SEC’s FAQs related to Form PF, the relevant FAQ states that while instructions to the form permit reporting information regarding parallel managed accounts, “We prefer that you do not include information regarding parallel managed accounts

²⁰ Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, 76 Fed. Reg. 71128, 71155 (Nov. 16, 2011) (footnotes omitted; emphasis added).

(except in Question 11).”²¹ Question 11 of Form PF asks for the value of all parallel managed accounts related to the reporting fund.²²

For these reasons, AMG recommends omitting both instructions to Revised Form CPO-PQR relating to Parallel Managed Accounts.²³ If the Commission believes that AUM for such accounts would be helpful, as is required by Form PF Question 11, AMG would not object to including a similar item.

(b) Master-Feeder Arrangements

AMG recommends that Revised Form CPO-PQR be further amended to permit the filing of Master-Feeder Arrangement as one fund, rather than requiring each Pool in a Master-Feeder Arrangement to report as a separate Pool.

A “Master-Feeder Arrangement” is defined by the revised Form CPO-PQR as “an arrangement in which one or more funds (“**Feeder Funds**”) invest all or substantially all of their assets in a single fund

²¹ See Form PF Frequently Asked Questions (Jan. 1, 2017), available at: <https://www.sec.gov/divisions/investment/pfrd/pfrdfaq.shtml>. The FAQ on parallel managed accounts for Form PF states:

Q. Instruction 5 states that, for purposes of reporting information in Sections 1b, 1c, 2b, 3 and 4, I E.2: am not required to report information regarding parallel managed accounts (except in Question 11). If I choose to report information regarding parallel managed accounts when responding to questions related to a reporting fund, how can I indicate to you this reporting method?

A. We prefer that you not include information regarding parallel managed accounts (except in E.2: Question 11). If, however, you decide to include such information the staff recommends that, in Question 4, you indicate that you are reporting information regarding your parallel managed accounts when responding to questions related to a reporting fund other than Question 11. (Posted February 12, 2014)

²² Form PF Question 11 states:

Value of all parallel managed accounts related to the reporting fund

(If any of your parallel managed accounts relates to more than one of the private funds you advise, only report the value of the account once, in connection with the largest private fund to which it relates.)

²³ These instructions also address Master Feeder Arrangements, which we address below.

(“**Master Fund**”).”²⁴ Currently, absent an exception,²⁵ a CPO is required to file a separate schedule for each pool. We believe this should be revised because not only could it lead to duplicative filing for some firms, but it may require generating and reporting data that would be of no use to the Commission. More specifically, firms may only have performance at the Feeder Fund level, including fees, while performance numbers at the Master Fund level would generally not include fees. Conversely, there may only be trading activity at the Master Fund level and not the Feeder Funds. This disparity currently clouds the effectiveness and usefulness of the data submitted to the Commission for pools within a master-feeder arrangement. To solve this issue, AMG is suggesting the Commission adopt the approach taken by SEC Form PF. SEC Form PF allows firms reporting on individual funds to provide information regarding Master-Feeder Arrangements²⁶ or Parallel Structures either in the aggregate, or separately.²⁷ We believe this approach will serve to streamline the information the Commission receives and better link the data received from Form CPO-PQR with other available data sources.²⁸

(c) Further Revise the Pool Schedule of Investments

AMG requests that the CFTC further simplify the Pool Schedule of Investments.

While AMG members are supportive of the Commission’s Proposal to retain the Pool schedule of investments, and require the pool schedule of investments quarterly, we encourage the Commission to consider further simplifying the schedule. Specifically, AMG would be supportive of an alignment with the simpler schedule that appeared in NFA Form PQR in 2010. As laid out in NFA Notice I-10-10, the

²⁴ Proposal at 26395.

²⁵ See CFTC Letter No. 14-112 (September 8, 2014) (Providing relief for “CPOs of a Parent Pool that uses a trading Subsidiary for failure to file with NFA an annual report for such Trading Subsidiary pursuant to Commission regulation 4.7(b) or 4.22(c), provided (i) the CPO of the Parent Pool is also the CPO of the Trading Subsidiary; (ii) the exposure to the Trading Subsidiary by the participants in the Parent Pool are shared pro rata; and (iii) the CPO prepares and files with NFA an annual report for the Parent Pool that contains consolidated audited financial statements for the Parent Pool that includes the holdings, gains and losses, and other financial statement amounts attributable to the Trading Subsidiary.”)

²⁶ Similar to the Commission’s definition within proposed CFTC Form CPO-PQR, SEC Form PF defines a “Master-Feeder Arrangement” as “an arrangement in which one or more funds (“feeder funds”) invest all or substantially all of their assets in a single private fund (“master fund”). A fund would also be a feeder fund investing in a master fund for purposes of this definition if it issued multiple classes (or series) of shares or interests and each class (or series) invests substantially all of its assets in a single master fund.” See Glossary of Terms (pg. 6), SEC Form PF, available at <https://www.sec.gov/files/formpf.pdf>.

²⁷ See General Instruction #5 (pg. 4), SEC Form PF.

²⁸ To align with the Commission’s proposal to require pool LEIs on the CPO-PQR, we are suggesting that should a single filing be permitted for Master-Feeder Arrangements, a CPO should provide the LEI of the master fund.

2010 NFA form required CPO Members to submit “a schedule of investments identifying any investment that exceeds 10% of the pool’s net asset value at the end of the quarterly reporting period.”²⁹ While this approach is much simpler than what is currently required by NFA Form PQR and CFTC Form CPO-PQR, we believe that revising the schedule of investments to align with this approach would still provide the Commission with all the information necessary to identify trends and assess risk amongst CPOs and their pools. Moreover, this would eliminate the burden on filers to provide information on Pool investments in assets that are either nominal or so minimal as to not affect the daily risk of a given CPO or its operated pool. Alternatively, AMG would be supportive of an approach where the Commission considers simplifying the schedule by weighing the difficulty for certain CPOs to provide data for the more granular sub-categories compared with the usefulness of such data for the Commission, with a focus on categories of assets where the Commission does not have a specific regulatory interest or otherwise would have limited use for such detail.

B. Amendments to Rule 4.27

1. Increasing the Filing Frequency – Quarterly Filing for All CPOs

AMG supports the amendment of Rule 4.27 to require all CPOs to file Revised Form CPO-PQR on a quarterly basis.

Currently, most CPOs file Form CPO-PQR on an annual basis; only Large CPOs are required to file the Form on a quarterly basis. The Preamble states that increasing the frequency of reporting of this information will assist the Commission in its efforts to integrate Revised Form CPO-PQR with the Commission’s other more timely data sources, so as to improve the effectiveness of its ability to monitor and oversee the activities of CPOs and their operated pools and to conduct its oversight of the derivatives markets.³⁰

While AMG recognizes that this would result in an increased regulatory cost for Small and Mid-Sized CPOs stemming from Rule 4.27 and Form CPO-PQR, compared to the regulatory status quo,

²⁹ NFA Notice I-10-10 (Mar. 17, 2010), available at <https://www.nfa.futures.org/news/newsNotice.asp?ArticleID=2457>.

³⁰ As the Preamble states: “The Commission believes that receiving this information from all CPOs and more frequently would, when combined with the proposed LEI requirements, further enhance its ability to integrate the information in Revised CPO-PQR with its other more current data streams and identify trends on a more timely basis, with the ultimate goal of supporting its oversight and monitoring of CPOs and their operated pools for market and systemic risk.” Proposal at 26388.

AMG respects the Commission's assessment of its need to collect the targeted information required on Revised Form CPO-PQR for all CPOs on a more frequent basis. Moreover, all CPOs currently file NFA Form PQR on a quarterly basis. That Form includes all of the information that will be required on Revised Form CPO-PQR, including Pool Schedules of Investments. Accordingly, as the Preamble acknowledges, the actual incremental costs of a quarterly filing of Revised Form CPO-PQR may not be as significant.

2. Permitting Quarterly Filing NFA Form PQR in Lieu of Form CPO-PQR

AMG supports the proposal to permit CPOs to submit NFA Form PQR in lieu of Revised Form CPO-PQR.

The Commission proposes to amend Rule 4.27 to provide that a registered CPO may file NFA Form PQR in lieu of Revised Form CPO-PQR. This proposal is based on the understanding that the NFA will revise its Form PQR to require the same information regarding LEIs as the Commission proposed for Form CPO-PQR, and that NFA Form PQR is essentially identical to the Revised Form CPO-PQR, which would comprise current Schedule A of Form CPO-PQR combined with the pool of investments question from Schedule B. The NFA requires CPOs, which must be NFA members, to file Form PQR quarterly. Accordingly, permitting CPOs to file NFA Form PQR in lieu of Revised Form CPO-PQR will offer CPOs additional filing efficiencies without reducing the scope of information available to the Commission on Revised Form CPO-PQR or compromising the Commission's ability to obtain the relevant data.

3. Removing the Ability of Dual Registrants to File Form PF in Lieu of Form CPO-PQR

AMG recommends that the Commission preserve the right of dually registered CPOs to file Form PF in lieu of Revised Form CPO-PQR, on a voluntary basis.

Rule 4.27(d) currently permits dually regulated CPOs that are required to file Form PF with respect to one or more of their operated private funds to file Form PF in lieu of filing current Form CPO-PQR with respect to any commodity pools that are not private funds. As a corollary to permitting CPOs to file NFA Form PQR in lieu of Revised Form CPO-PQR, the Commission is also proposing to amend Rule 4.27 to remove this provision. As amended, Rule 4.27 would require dually registered CPOs to file Revised Form CPO-PQR with respect to all of the Pools they operate.

As explained in the Preamble, the Commission believes that the provision permitting “substituted compliance” for dually registered CPOs by filing Form PF would be redundant in light of the proposed provision to accept NFA Form PQR and would frustrate an intended purpose of the Proposal. The Proposal is intended to allow the Commission to enhance the Commission’s use of its own internal data streams to effectuate an efficient and effective oversight program of CPOs and their operated pools.

As the Preamble notes, Revised Form CPO–PQR would no longer be closely aligned in content or filing frequency with Form PF. Schedules B and C in the current Form CPO-PQR were substantially based on information required by Form PF, and thus Form PF will continue to include substantial data elements that will be eliminated in Revised Form CPO-PQR.

The Commission has asked for comment on this proposed amendment to Rule 4.27(d). In particular the Commission notes that one likely result is that dually registered CPOs will no longer submit information with respect to their Pools that are not private funds on Form PF.³¹ This, in turn, will result in less information with respect to non-private fund pools being reported to FSOC, which has direct access to Form PF.

AMG fully supports the elimination of any requirement for CPOs, whether or not dually registered, to provide the detailed pool-specific information that the Commission proposes to eliminate from Revised Form CPO-PQR. For the reasons described in the Preamble, AMG agrees that this information is neither necessary nor appropriate for monitoring the financial system, either by the Commission or FSOC. Accordingly, AMG does not believe there is a regulatory harm that will result if this information is no longer being provided on Form PF for non-private fund pools.

However, some of AMG’s Members believe there would be efficiencies in being able to file Form PF in lieu of Revised Form CPO-PQR for both private and non-private fund pools. Accordingly, we recommend that the Commission revise the amendment to Rule 4.27(d) to permit such a substituted filing.

C. Revise the CPO-PQR FAQs

AMG recommends that the Commission revise the current version of the Form CPO-PQR FAQs

³¹ Proposal at 26384.

to align with Revised Form CPO-PQR. In addition to any clarifications or modifications made in accordance with the Proposal, AMG members believe that other aspects of the FAQs can be further clarified and updated. For instance, one such change would be the addition of a complete Glossary of Terms. While the initial draft 2011 CFTC Form PQR included a “Defined Terms” section, subsequent NFA instructions have included some, but not all defined terms. Therefore, among other necessary changes to the FAQs to align with the Revised Form CPO-PQR, we request the Commission consider adding a centralized Glossary of Terms for the benefit of filers.

* * *

We appreciate the opportunity to share our views and we would be happy to arrange a conference call or video conference to discuss our comments in further detail. Please do not hesitate to contact Jason Silverstein at 212-313-1176 or jsilverstein@sifma.org, or Andrew Ruggiero at 212-313-1128 or aruggiero@sifma.org to discuss the above.

Respectfully submitted,

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