



asset management group

October 5, 2026

Submitted via Regulations.gov

Mr. Christopher J. Kirkpatrick

Secretary

Commodity Futures Trading Commission

Three Lafayette Centre

1155 21st Street, NW

Washington, DC 20581

Re: Commodity Pool Operators and Commodity Trading Advisors: Reduction of Duplicative Regulation Through Intermediary Registration Exemptions; Expansion of the Exemption for Small Commodity Pools (RIN: 3038-AF78)

Dear Mr. Kirkpatrick:

The Asset Management Group (“**AMG**”)¹ of the Securities Industry and Financial Markets Association (“**SIFMA**”) greatly appreciates the opportunity to provide comment to the Commodity Futures Trading Commission (“**CFTC**” and the “**Commission**”) on the proposed amendments to its registration requirements for certain commodity pool operators (“**CPOs**”) and commodity trading advisors (“**CTAs**”) to reduce duplicative and overlapping regulation and to reflect inflation (the “**Proposal**”).²

Background

On February 9, 2012, the CFTC rescinded CFTC Rule 4.13(a)(4) (“**Rule 4.13(a)(4)**”), which was the exemption from CFTC registration as a CPO that was commonly used by general partners, managers, and sponsors of private funds that trade futures. Thereafter, a private fund previously relying on Rule 4.13(a)(4) either registered with the CFTC as a CPO or qualified for an alternate exemption, such as the exemption under CFTC Rule 4.13(a)(3) (“**Rule 4.13(a)(3)**”), often called the “de minimis” exemption.

CFTC Letter No. 25-50 (“**Letter 25-50**”)³ is an interim staff no-action letter issued on December 19, 2025, that lets certain private fund managers avoid or withdraw from CPO and CTA registration.

¹ SIFMA AMG brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. SIFMA AMG’s members represent U.S. and global asset management firms whose combined assets under management exceed \$45 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 Request for Comment on Commodity Pool Operators and Commodity Trading Advisors: Reduction of Duplicative Regulation Through Intermediary Registration Exemptions; Expansion of the Exemption for Small Commodity Pools (RIN: 3038-AF78), 91 Fed. Reg. 54264 (August 21, 2026).

³ See CFTC No-Action Letter No. 25-50 (Dec. 19, 2025).

The Proposal would largely codify relief previously provided through Letter No. 25-50 that, if adopted, would permit investment advisers registered with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended (“RIAs”), to claim an exemption from CPO registration with respect to certain commodity pools offered exclusively to qualified eligible persons (“QEPs”) (the “**RIA-QEP Exemption**”). It would also implement inflation-based adjustments to certain pool-level eligibility thresholds to align them with corresponding thresholds in the QEP definition.

Discussion

AMG commends the CFTC for its efforts to reduce duplicative and overlapping regulation. This Proposal presents an opportunity to simplify, rationalize, and harmonize the regulatory regime. Buy-side market participants, in particular, support such efforts that advance clearly defined regulatory purposes and market-transparency objectives.

AMG has reviewed the Proposal and is providing comments on several areas where we believe the Commission should reconsider aspects of the Proposal and several areas which we believe also need to be addressed to resolve ambiguities with respect to related regulatory requirements.

SIFMA AMG would also like to take this opportunity to reiterate its long-standing advocacy that the CFTC restore Rule 4.5’s former exclusion from CFTC CPO and CTA registration for registered investment companies (“RICs”) and their RIAs otherwise registered with the SEC, including mutual funds and ETFs, which happened to use a limited amount of commodity interests.

I. Areas appropriate for reconsideration include:

A. The Redemption Offer Requirement should not apply to Existing Pools.

We are concerned that the CFTC has retained the requirement for an investor redemption opportunity in Rule 4.13(e)(2) for existing CPOs not currently relying on Letter 25-50 switching to this exemption (which was specifically not required in the case of reliance on Letter 25-50). We note that a redemption opportunity is both commercially disruptive and, in some cases, not operationally feasible (e.g., in the case of closed end or less liquid funds).

While existing funds operating in reliance on Letter 25-50 generally would be grandfathered from this requirement and the Commission appears open to a delayed compliance date in respect of this item, requiring a redemption opportunity for investors in other existing pools, such as those currently relying on Rule 4.7, that transition to Regulation 4.13(a)(4) is inconsistent with the Commission’s aim for investors to benefit from consistent regulatory standards. The opportunity for a redemption right is also unnecessary as in the transition to the

RIA-QEP Exemption, the pool would otherwise retain the exact same investment strategy, and the expectations of the QEP investors would remain unchanged.

For these reasons, SIFMA AMG recommends that the Commission revise proposed Regulation 4.13(e)(2)(iii) to provide relief from the redemption requirement for existing pools that transition to Regulation 4.13(a)(4) exemption.

II. Areas needed to be addressed to resolve ambiguities:

A. Preserve Relief from Position Aggregation.

CFTC Regulation 150.4(b)(1)⁴ generally provides relief from position aggregation subject to certain conditions. One exception to this relief applies to passive pool participants that are exempt from CPO registration under Rule 4.13 and own 25% or more of a pool directly or indirectly.

Absent clarification, the Proposal effectively eliminates position disaggregation and effectively imposes position limit aggregation requirements when pools switch from the CFTC Rule 4.7 or Letter 25-50 exemptions to the proposed RIA-QEP Exemption. This result is unnecessary and presents potentially impossible compliance requirements as such an investor may not even have granular information about the underlying pool's positions.

The codification of Letter 25-50 should not create new burdens for pools and CPOs that wish to take advantage of the relief. SIFMA AMG therefore recommends that the CFTC should confirm that the proposed RIA-QEP Exemption would not disqualify a fund from the position aggregation relief provided by CFTC Reg. 150.4(b)(1)(iii).

B. Protect Funds of Funds from Look-through Treatment.

CFTC No-Action Letter 12-38 ("**Letter 12-38**") provides no-action relief from CPO registration requirements for operators of funds-of-funds ("**FoFs**") under CFTC Regulations 4.5 and 4.13(a)(3). Our concern is that FoFs that rely on Letter 12-38 to invest in underlying Rule 4.7 commodity pools may no longer be eligible for the relief in Letter 12-38 once those pools (and their CPOs) switch exemptions to the proposed RIA-QEP Exemption.

This could be very disruptive across the industry, and it could have a negative effect on CPOs that would otherwise opt for the proposed RIA-QEP Exemption.

SIFMA AMG therefore recommends that the CFTC confirm that a FoF investing in a pool claiming a registration exemption under the proposed RIA-QEP Exemption should not itself be deemed a pool on a look-through basis, consistent with Letter 12-38.

⁴ 17 C.F.R. § 150.4(b)(1).

C. Extend the RIA-QEP Exemption to RIC wholly owned Cayman controlled foreign corporations (“CFCs”).

SIFMA AMG recommends that the CFTC should clarify that the RIA-QEP Exemption is available for RIC wholly owned Cayman CFCs. The policy rationale underlying proposed Rule 4.13(a)(4) strongly supports extending the relief to these structures. The Commission's stated objective is to reduce duplicative regulation where the RIA is already subject to comprehensive SEC oversight and regulation.

Wholly owned Cayman subsidiaries of RICs present a particularly compelling case for such relief. These subsidiaries are not broadly offered investment vehicles with multiple external investors. Rather, they are wholly owned by an RIC that itself is subject to an extensive SEC regulatory framework. The RIA managing the subsidiary is the same SEC-regulated adviser managing the parent fund, and the subsidiary's activities are effectively conducted as part of the parent fund's overall investment program.

Absent clarification, the Proposal could produce an anomalous result where a RIC benefits from extensive SEC oversight, yet the RIA remains subject to CPO registration obligations solely because commodity exposure is obtained through a wholly owned subsidiary structure. This outcome would appear inconsistent with the proposal's objective of eliminating overlapping regulatory requirements where investor protection concerns are already addressed through another comprehensive regulatory regime.

For these reasons, SIFMA AMG recommends Commission confirmation that:

1. A wholly owned Cayman CFC may qualify as an eligible pool for purposes of Rule 4.13(a)(4);
2. The ownership of the Cayman CFC by an RIC satisfies the investor qualification requirements of the RIA-QEP Exemption; and
3. RIAs managing such Cayman CFCs may rely on Rule 4.13(a)(4) without regard to the de minimis trading limitations contained in Rule 4.13(a)(3).

Providing this clarification would create certainty for registered fund complexes, further the Commission's stated deregulatory objectives, and appropriately recognize the unique characteristics of wholly owned Cayman CFCs that operate as components of already heavily regulated registered funds.

D. Allow a Transition Period Prior to NAL Expirations.

The applicable No Action Letters (“NALs”) provide: “Accordingly, until such time as the Commission promulgates rules, or publicly determines not to promulgate rules, addressing the reinstatement of the QEP Exemption, MPD will not recommend that the Commission commence

enforcement action against any person that....” This suggests that the NALs will expire upon promulgation of the proposed RIA-QEP Exemption.

It would be helpful to have a transition period after new Rule 4.13(a)(4) is adopted before the NALs expire. We recommend that the Commission either provide that the proposed RIA-QEP Exemption does not become effective until 60 days after publication in the Federal Register, or that the NALs do not expire until such 60-day period elapses.

Allowing for an adequate transition period would provide CPOs time to evaluate the proposed RIA-QEP Exemption, confirm plans to rely on the new exemption (in place of the NALs, where applicable), and confirm the applicable exemption by making the pool-by-pool exemption filings on the National Futures Association (“NFA”) platform.

III. Areas where SIFMA AMG Supports Aspects of the Proposal:

A. Support Exemption from CTA Registration.

We support the Proposal’s provision of various exemptions from CTA registration, including the proposed amendment of Regulation 4.14(a) to exempt investment advisers whose commodity interest trading advice is directed to, among others, a CPO that has claimed an exemption under the proposed RIA-QEP Exemption with respect to eligible pools.

SIFMA AMG also encourages the Commission to codify longstanding positions regarding non-U.S. CTAs acting on behalf of non-U.S. investors. To better align its Rule 3.10 exemption for CTAs with the corresponding text in the Rule’s CPO exemption, the CFTC should add provisions stating CTAs may use the Rule 3.10 exemption on an account-by-account basis and simultaneously rely on registration or other CTA exemptions/exclusions for activities related to U.S. investors (i.e., “stacking”).⁵

B. Support Recognition of Delegation Arrangements for CPOs.

We support the Proposal’s clarification that the proposed RIA-QEP Exemption would be available in delegated CPO structures, including where a commodity pool operator delegates its responsibilities and functions to another commodity pool operator with respect to an eligible pool. This clarification is consistent with the class delegation relief set forth in CFTC No-Action Letter No. 14-126.

⁵ See Comment letter from AIMA, SIFMA AMG, IAA, ICI Global, and MFA dated August 11, 2020, <https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=62700&SearchText=>

C. Support Increased Limit to the Small Pool Exemption.

We support the Proposal's amendment of the small pool exemption in Regulation 4.13(a)(2) to raise the threshold of total gross capital contributions from US\$400,000 to US\$800,000, while retaining the 15-participant limit.

D. Support Relief from 4.13(e)(2) for Pools Relying on Letter 25-50.

We support the Commission's intention for pools relying on the NALs, which provide no action relief with respect to CFTC Rule 4.13(e)(2) solely with respect to pools for which the CPO is relying on the no-action position, not be required to comply with Rule 4.13(e)(2) if the CPO "converts" its exemption status for relevant pools to rely on the proposed RIA-QEP Exemption (which the CFTC proposes will not include an exemption from Rule 4.13(e)(2)).

We support the Commission's observation that it is aware of this issue and will address it: "[T]he Commission does not intend to place additional, conflicting requirements upon RIA-CPOs that are currently relying on Letter 25-50 for qualifying pools, many of whom may have consequently deregistered as CPOs," and that the CFTC "preliminarily intends that . . . such CPOs would generally not be subject to [CFTC Rule 4.13(e)(2)] for such pools."

IV. Amend Rule 4.5 to exclude RICs and RIAs from treatment as CPOs and CTAs.

CFTC Rule 4.5 had for decades provided an exclusion from CPO registration for SEC-RICs that use a limited amount of commodity interests given their comprehensive SEC regulation. In 2012, the CFTC amended Rule 4.5 to require an SEC-RIC using derivatives beyond a very low threshold—whether for hedging or investment—to register with the CFTC as a CPO.

We agree with the observation of SEC Commissioner Mark T. Uyeda that "[a]ll of this translated into real cost. Industry feedback at the time foresaw millions of dollars in incremental compliance expenses—costs that were ultimately borne by investors. Yet there was no evidence that the CFTC's overlay produced any incremental benefit in terms of market integrity or investor protection."⁶

In SIFMA AMG's letter on the subject of 2012, we outlined the costs of the dual-registration requirement, including the costs occasioned by the significant inconsistencies between the CFTC's requirements for CPOs and the requirements applicable to SEC-registered

⁶ See Statement by SEC Commissioner Mark T. Uyeda at the SEC-CFTC Roundtable on Regulatory Harmonization Efforts on September 29, 2025, available at: <https://www.sec.gov/newsroom/speeches-statements/uyeda-092925-regulatory-disruption-remarks-sec-cftc-roundtable-regulatory-harmonization-efforts>.

investment companies.⁷ In response to the CFTC's 2017 Project Kiss initiative, we provided detailed recommendations to eliminate unnecessary burdens on SEC-registered investment advisors, including addressing issues with Rule 4.5 dual-registration and reporting requirements.⁸ In our letter from 2018, we provided feedback on the CFTC's specific proposals to rationalize and harmonize the Commission's CPO registration and reporting regime with the SEC's regime for registered investment companies.⁹

Given the SEC's existing robust regulation of RICs and RIAs, dual CPO and CTA registration with the CFTC adds no value and levies significant unjustifiable costs which are ultimately borne by investors. We therefore strongly recommend that the CFTC Amend Rule 4.5 to exclude RICs and RIAs from treatment as CPOs.

On behalf of SIFMA AMG, we appreciate the opportunity to respond to the Proposal and your consideration of our comments and recommendations. If you have any questions or require additional information, please do not hesitate to contact us by calling William Thum at (202) 962-7381 or at bthum@sifma.org.

Sincerely,



William C. Thum
Managing Director and Associate General Counsel, SIFMA AMG

⁷ See Letter from Timothy Cameron, SIFMA AMG, dated April 24, 2012, available at: <https://www.sifma.org/wp-content/uploads/2017/05/sifma-amg-submits-comments-to-the-cftc-on-registered-investment-companies-registering-as-commodity-pool-investors.pdf>.

⁸ See Letter from Timothy Cameron and Laura Martin, SIFMA AMG, dated September 29, 2017, available at <https://www.sifma.org/wp-content/uploads/2017/10/SIFMA-AMG-Comments-on-CFTCs-Project-KISS.pdf>.

⁹ See Letter from Jason Silverstein and Andrew Ruggiero, SIFMA AMG, dated December 17, 2018, available at <https://www.sifma.org/wp-content/uploads/2019/07/Part-4-Amendments-12-18.pdf>.