

**MEMO# 27879**

February 10, 2014

## **ICI Submits Comment Letter on CFTC's Aggregation Proposal**

[27879]

February 10, 2014

TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 4-14  
DERIVATIVES MARKETS ADVISORY COMMITTEE No. 9-14  
SEC RULES MEMBERS No. 6-14 RE: ICI SUBMITS COMMENT LETTER ON CFTC'S  
AGGREGATION PROPOSAL

On February 10, ICI submitted a comment letter to the Commodity Futures Trading Commission ("CFTC" or "Commission") on its proposed modifications to the aggregation provisions. [\[1\]](#) A copy of the comment letter on the Aggregation Proposal is attached.

In the comment letter, ICI states that the proper application of the aggregation provisions, including the proposed Independent Account Controller ("IAC") exemption from the aggregation requirement, is critical to ensuring a reasonable imposition of position limits on registered funds and their asset managers. The letter seeks certain changes to, and clarifications of, the aggregation provisions to make them more workable for registered funds and other market participants.

Specifically, the letter argues that an investment adviser to registered funds should not be required to aggregate the positions of such funds for purposes of the position limits rule, provided that the funds have different investment strategies. The letter also requests modification of the proposed IAC exemption to reflect the increased diversity in the types of market participants that may act as IACs. Finally, the letter recommends that the Commission not adopt the proposed requirement to aggregate positions in accounts or pools with "substantially identical trading strategies" to ensure that the exemptions from aggregation remain available to registered funds. The letter describes how these modifications are necessary to avoid potentially harmful repercussions to registered funds and their investors, particularly given the vast expansion of the scope of CFTC position limits under the Position Limits Proposal both in the range of commodities and the types of instruments subject to such limits.

Jennifer S. Choi

[Attachment](#)

**endnotes**

[1] Aggregation of Positions, 78 FR 68946 (Nov. 15, 2013), available at <http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2013-27339a.pdf> (“Aggregation Proposal”). The CFTC in a separate release re-proposed speculative position limits for the 28 exempt and agricultural commodity futures and options contracts and the physical commodity swaps that are economically equivalent to such contracts. Position Limits for Derivatives, 78 FR 75680 (Dec. 12, 2013), available at <http://www.gpo.gov/fdsys/pkg/FR-2013-12-12/pdf/2013-27200.pdf> (“Position Limits Proposal”). ICI’s Memorandum summarizing these proposals is available at [http://www.ici.org/my\\_ici/memorandum/memo27707](http://www.ici.org/my_ici/memorandum/memo27707).

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