

MEMO# 27208

April 30, 2013

ICI and SIFMA AMG Receive Confirmation from NFA Regarding Reporting Obligations of Funds' Wholly-Owned Subsidiaries

[27208]

April 30, 2013

TO: ACCOUNTING/TREASURERS MEMBERS No. 15-13
CLOSED-END INVESTMENT COMPANY MEMBERS No. 35-13
COMPLIANCE MEMBERS No. 22-13
DERIVATIVES MARKETS ADVISORY COMMITTEE No. 32-13
INVESTMENT ADVISER MEMBERS No. 27-13
SEC RULES MEMBERS No. 39-13
SMALL FUNDS MEMBERS No. 29-13 RE: ICI AND SIFMA AMG RECEIVE CONFIRMATION FROM NFA REGARDING REPORTING OBLIGATIONS OF FUNDS' WHOLLY-OWNED SUBSIDIARIES

Earlier this month, ICI and the Asset Management Group of the Securities Industry and Financial Markets Association ("AMG") submitted letters to the National Futures Association ("NFA") and the staff of the Commodity Futures Trading Commission ("CFTC") regarding the application of certain reporting obligations under NFA and CFTC rules to commodity pool operators ("CPOs"). Specifically, the letters addressed the reporting obligations of CPOs of registered investment companies ("registered funds") that trade in commodity interests through wholly-owned subsidiaries (known as controlled foreign corporations or "CFCs") that are consolidated with the registered fund for financial reporting purposes. [\[1\]](#) NFA has issued a favorable response to ICI's and AMG's request regarding NFA Compliance Rule 2-46. NFA's letter, which is attached to this memorandum, is summarized briefly below.

NFA's letter confirms that CPOs of commodity pools that are registered funds, and that consolidate their wholly-owned CFC with the registered fund/commodity pool for financial reporting purposes may defer reporting obligations under Compliance Rule 2-46 for the CFC until the first applicable reporting period ending after the compliance date of the CFTC's final harmonization rule. [\[2\]](#) NFA's letter notes that it grants reporting relief only from Compliance Rule 2-46, and that NFA cannot grant similar relief on behalf of the CFTC from the reporting obligations under CFTC Regulation 4.27. [\[3\]](#)

Sarah A. Bessin
Senior Counsel

[Attachment](#)

endnotes

[1] See ICI Memorandum No. 27170 (April 10, 2013), available at http://www.ici.org/my_ici/memorandum/memo27170. The CFTC staff has not yet responded to ICI's and AMG's letter requesting confirmation regarding the reporting obligations of CPOs of CFCs under CFTC Regulations 4.27 and 4.22.

[2] Compliance Rule 2-46, as recently amended, requires that NFA members that are CPOs or commodity trading advisors and have reporting obligations under Regulation 4.27 must satisfy their quarterly reporting obligations under Rule 2-46 by filing with the NFA, respectively, NFA Form PQR or NFA Form PR, although filing CFTC Form CPO-PQR will satisfy the obligation to file NFA Form PQR under certain circumstances. NFA recently issued a notice to members discussing its amendments to Compliance Rule 2-46. See ICI Memorandum No. 27201 (April 26, 2013), available at http://www.ici.org/my_ici/memorandum/memo27201.

[3] See *supra* note 1.

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