

MEMO# 32529

June 16, 2020

ICI Submits Comments on CFTC Proposal to Revise Form CPO-PQR

[32529]

June 16, 2020 TO: ICI Members

Registered Fund CPO Advisory Committee SUBJECTS: Alternative Investments

Closed-End Funds

Compliance

CPO/CTA

Derivatives

Fund Accounting & Financial Reporting

Investment Advisers RE: ICI Submits Comments on CFTC Proposal to Revise Form CPO-PQR

As we previously informed you, the Commodity Futures Trading Commission issued a proposal that would modify the periodic reporting requirements applicable to commodity pool operators (CPOs).[\[1\]](#) ICI's comment letter on the proposal is attached and briefly summarized below.

The letter begins with a brief discussion of how the current reporting requirements on Form CPO-PQR affect investment advisers to registered investment companies that are registered with the CFTC as CPOs (registered fund CPOs). It explains that, "ideally," ICI believes the CFTC should adopt a substituted compliance approach to periodic reporting by registered fund CPOs, as the agency did for registered fund disclosure documents in the 2013 harmonization rulemaking. The letter then endorses the Proposal as "a helpful improvement to the current system."

In the letter, ICI recommends two modifications that it believes would improve the proposal consistent with the Commission's regulatory objectives. First, we recommend that the Commission incorporate into Form CPO-PQR the more streamlined version of the schedule of investments that the National Futures Association adopted in 2010, a modification that NFA itself recommends in its June 11 comment letter to the Commission. Second, ICI recommends that the Commission "take this opportunity to clarify the scope" of question 5 to current Schedule A, which seeks information about pool brokers. The letter notes that responses to this question "should be limited to the brokers that a CPO uses with respect to commodity interest transactions," a result that "is consistent with the Commission's stated objectives in the proposal.

The letter then explains why the two alternative approaches outlined in the Commission's cost-benefit analysis—requiring all CPOs to file part or all of Form PF with NFA, or devoting

Commission resources to “rectifying the challenges with the data reported under current Form CPO-PQR”—are inadvisable and would detract from, rather than further, the Commission’s goals.

We conclude the letter by asking that the Commission move expeditiously to adopt the proposal.

Rachel H. Graham
Associate General Counsel

[Attachment](#)

endnotes

[1] See ICI [Memorandum No. 32433](#) for a summary of the proposal.

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