

**MEMO# 2497**

January 25, 1991

## **PROPOSED AMENDMENTS TO CFTC RULE 4.5**

January 25, 1991 TO: SEC RULES COMMITTEE NO. 8-91 RE: PROPOSED AMENDMENTS TO CFTC RULE 4.5 \_\_\_\_\_ The Institute recently submitted to the Commodity Futures Trading Commission ("CFTC") the attached letter proposing amendments to CFTC Rule 4.5. As you know, Rule 4.5 provides an exclusion from the definition of and need to register with the CFTC as a commodity pool operator for certain qualifying entities, including registered investment companies, provided certain conditions are met. The Institute's letter stated that Rule 4.5 in its current form unduly inhibits the use by registered investment companies of futures and options strategies. The Institute proposed that the exclusion from commodity pool operator registration should be available for any registered investment company that invests primarily in securities such that, over time, its primary risks are attributable to securities investments (rather than transactions in options and futures). We will keep you informed of developments. Frances M. Stadler Assistant General Counsel Attachment cc: Robert I. Frenkel, Dreyfus Peter Hanson, The New England David Jones, Fidelity Mgmt & Research Gary MacDonald, Wellington Management Co. Paul Wallace, Eaton Vance Corp.

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