6351-01-P

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 4

RIN 3038-AF78

Commodity Pool Operators and Commodity Trading Advisors: Reduction of Duplicative Regulation Through Intermediary Registration Exemptions; Expansion of the Exemption for Small Commodity Pools

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commodity Futures Trading Commission ("Commission" or "CFTC") is proposing several amendments to its registration requirements for certain commodity pool operators ("CPOs") and commodity trading advisors ("CTAs") to reduce duplicative and overlapping regulation and reflect inflation ("Proposal"). The Proposal would add an exemption from CPO registration for certain investment advisers registered with the Securities and Exchange Commission ("Registered Investment Advisers" or "RIAs") in relation to commodity pools for which the participants are limited to certain sophisticated investors and which meet other conditions; add a related registration exemption for CTAs; and increase the total gross capital contributions threshold in the CPO registration exemption for small commodity pools (commonly referred to as the "Small Pool Exemption") to account for inflation. The Commission preliminarily intends for the Proposal, if adopted, to supersede certain no-action positions issued by the Commission's Market Participants Division ("MPD").

DATES: Comments must be in writing and received by **[INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: You may submit comments, specifically referencing "Commodity Pool Operators and Commodity Trading Advisors: Reduction of Duplicative Regulation

Through Intermediary Registration Exemptions; Expansion of the Exemption for Small Commodity Pools" and RIN 3038-AF78, by any of the following methods:

- **Regulations.gov:** Go to *https://www.regulations.gov* and press the "Search" button, then proceed as follows:

1. Under Refine Documents Results – check the box to "Only show documents open for comment";

2. Under Agency – select "See More" and check the box for "Commodity Futures Trading Commission," then press the Apply button;

3. Identify this Proposal in the list of CFTC documents open for comment, press the "Comment" button to open the submission form, and follow the instructions on the form.

Alternatively, if you are viewing this Proposal on *www.federalregister.gov*, click the "Submit A Public Comment" button at the top of the page to open the comment form. Follow the instructions on the form to submit your comment to Regulations.gov.

- **Mail:** Send to – Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

- **Hand Delivery/Courier:** Address to – CFTC Comment Submission, Attn: Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

Please submit your comments using only one of these methods. To avoid possible delays with mail or in-person deliveries, submissions through Regulations.gov are encouraged.

All comments must be submitted in English or, if not, accompanied by an English translation. Do not include in your comment text or attachments any personal identifying information or business information that you do not want published online. Comments (regardless of submission method) will be published without review for, and without removal of, any personal identifying information or information your business may consider confidential.

If you wish to submit confidential information for the Commission's consideration, please contact the CFTC personnel listed in this Notice under **FOR FURTHER INFORMATION CONTACT** before making any submission. Please also carefully review the Commission's procedures in 17 CFR 145.9 for requesting confidential treatment under the Freedom of Information Act ("FOIA") of information submitted to the Commission.

The CFTC reserves the right, but shall have no obligation, to review, pre-screen, filter, or redact all or any part of your comment submission. The CFTC also reserves the right, without further notification, to refuse to publish or to remove from public view all or any part of your submission to the extent it contains content inappropriate for publication in a comment file, such as – without limitation – obscene language, threats of violence, solicitations for commercial sales or illegal activity, or obvious spam. If a submission that is refused for or withdrawn from publication because of inappropriate content also contains comments on the merits of this Proposal, such submission will be retained in the record for the matter and will be considered as required under the Administrative Procedure Act ("APA") and other applicable laws and may be accessible under the FOIA.

Pursuant to the Administrative Procedure Act at 5 U.S.C. 553(b)(4), a plain language summary of the proposed rule is available at regulations.gov.

FOR FURTHER INFORMATION CONTACT: DJ Hennes, Director, *dhennes@cftc.gov*; Frank Fisanich, Deputy Director, *ffisanich@cftc.gov*; Jacob Chachkin, Associate Director, *jchachkin@cftc.gov*; Michael Ehrstein, Special Counsel, *mehrstein@cftc.gov*; Elizabeth Groover, Special Counsel, *egroover@cftc.gov*; or

Catherine Brescia, Attorney-Advisor, *cbrescia@cftc.gov*, each in the Market Participants Division at the Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington D.C. 20581.

SUPPLEMENTARY INFORMATION:

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I. Background

The Commission is proposing to amend certain part 4 regulations,[1] such that RIAs regulated and overseen by the Securities and Exchange Commission ("SEC") would qualify for an exemption from CPO registration with respect to their pools that are offered only to certain sophisticated investors ("Proposed Regulation 4.13(a)(4)" or "Proposed RIA-QEP Exemption"), subject to certain conditions, and to make related

[1] 17 CFR pt. 4. The Commission's regulations referred to in this release are found at 17 CFR ch. I (2025) and are accessible on the Commission's website at *https://www.cftc.gov/LawRegulation/CommodityExchangeAct/index.htm.*

changes to 17 CFR part 4. The Proposed RIA-QEP Exemption would generally codify the no-action positions issued by MPD in CFTC Letter 25-50 ("Letter 25-50")[2] with certain modifications, as discussed below.

In addition, the Commission is proposing an inflation-based adjustment for the Small Pool Exemption to continue its efforts at maintaining and modernizing long-standing regulations with financial thresholds, similar to recently adopted increases to certain financial thresholds of the "qualified eligible person" ("QEP") definition found in 17 CFR 4.7.[3]

A. *Statutory and Regulatory Framework and Existing CPO/CTA Registration Architecture*

Section 1a(11) of the Commodity Exchange Act ("CEA" or "Act") defines the term "commodity pool operator" as any person engaged in a business that is of the nature of a commodity pool, investment trust, syndicate, or similar form of enterprise, and who, with respect to that commodity pool, solicits, accepts, or receives from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in commodity interests.[4] CEA section 1a(10) defines a "commodity pool" as any investment trust, syndicate, or similar form of enterprise operated for the purpose of trading in commodity interests.[5] CEA section 1a(12) defines the term "commodity trading advisor" as any person who, for compensation or profit, engages in the business of advising others, either directly or through publications, writing, or electronic media, as to the value of or the advisability of trading in commodity interests.[6] CEA section 4m(1) makes it unlawful for any person

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[2] CFTC Staff Letter 25-50 (Dec. 19, 2025), *available at https://www.cftc.gov/csl/25-50/download* ("Letter 25-50").

[3] *See* Commodity Pool Operators, Commodity Trading Advisors, and Commodity Pools Operated: Updating the 'Qualified Eligible Person' Definition; Adding Minimum Disclosure Requirements for Pools and Trading Programs; Permitting Monthly Account Statements for Funds of Funds; Technical Amendments, 89 FR 78793 (Sep. 26, 2024) ("2024 CPO/CTA Final Rule").

[4] 7 U.S.C. 1a(11).

[5] 7 U.S.C. 1a(10).

[6] 7 U.S.C. 1a(12).

whose intermediary activities satisfy either the CPO or CTA definitions to make use of the mails or any means or instrumentality of interstate commerce in connection with its business as a CPO or CTA, unless so registered with the Commission.[7]

With respect to both CPOs and CTAs, the CEA authorizes the Commission to include persons within, or exclude them from, those definitions, by rule, regulation, or order, if the Commission determines that such action will effectuate the purposes of the CEA.[8] The CEA also gives the Commission authority to make and promulgate such rules and regulations, as in the judgment of the Commission, are reasonably necessary to effectuate the provisions or to accomplish any purposes of the CEA.[9]

17 CFR part 4 specifically governs the operations and activities of CPOs and CTAs. These regulations implement the statutory authority provided to the Commission by the CEA and also establish registration exemptions and definitional exclusions for CPOs and CTAs.[10] Part 4 also contains detailed regulations that establish additional ongoing compliance requirements applicable to CPOs and CTAs registered with the Commission as such. These compliance requirements pertain to the commodity pools and separate accounts that CPOs and CTAs operate and advise, and provide customer protection through, among other things, requiring disclosures and regular reporting to a registrant's pool participants or advisory clients.

Several regulations in part 4 also reduce regulatory burdens and compliance obligations for certain persons engaged in CPO and CTA activities, where the Commission has determined as a matter of policy that it is appropriate and serves the interests of the public or the purposes of the CEA to do so.[11] For instance, Regulation 4.7

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[7] 7 U.S.C. 6m(1).
[8] 7 U.S.C. 1a(11)(B); 7 U.S.C. 1a(12)(B)-(C).
[9] 7 U.S.C. 12a(5).
[10] *See* 7 U.S.C. 6n; *see, e.g.*, 17 CFR 4.5, 4.6, 4.13, and 4.14.
[11] *See* H.R. Rep. No. 93-975, 93d Cong., 2d Sess. (1974), p. 23, *available at https://www.cftc.gov/sites/default/files/idc/groups/public/@swaps/documents/file/hr93975.pdf* (last retrieved May 14, 2026) (explaining that the U.S. House Committee on Agriculture intended the

provides exemptions from certain part 4 compliance requirements regarding disclosure, periodic reporting, and recordkeeping for registered CPOs and CTAs, whose prospective and actual pool participations and/or advisory clients are restricted to individuals and entities determined to be QEPs and who claim the desired exemptions pursuant to paragraph (d) of that section.[12]

While 17 CFR 4.7 does not provide exemptions from CPO registration and instead provides exemptions from certain part 4 compliance obligations of CPOs applicable to qualifying commodity pools, Regulation 4.13 provides exemptions from CPO registration and related registrant compliance obligations for each qualifying pool.[13] These registration exemptions are intended to calibrate regulatory requirements to the nature and scale of the pools and their participants.[14] Similarly, 17 CFR 4.14 provides CTA registration exemptions in situations where registration and compliance provides limited benefit, *e.g.*, where the CTA is registered in another capacity with the Commission, its advisory activities are limited in scope, it is substantially otherwise regulated, or it does not offer tailored trading advice or direct client accounts.

B. Former Regulation 4.13(a)(4)

Former Regulation 4.13(a)(4) (the "Original QEP Exemption"),[15] which was adopted in 2003, provided an exemption from CPO registration for the operators of privately offered commodity pools whose participants were limited to certain financially

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"discretionary power" to exclude CPOs and CTAs from the statutory definitions in the CEA "be exercised to exempt from registration those persons who would otherwise meet the criteria for registration… if, in the opinion of the Commission, there is no substantial public interest served by such registration").

[12] 17 CFR 4.7.

[13] 17 CFR 4.13. For example, under 17 CFR 4.13(a)(2), the Small Pool Exemption currently exempts a person from CPO registration with respect to pools with no more than 15 participants and total gross capital contributions not exceeding $400,000.

[14] *See, e.g.*, Commodity Pool Operators and Commodity Trading Advisors; Final Rules, 44 FR 1918, 1919 (Jan. 8, 1979) ("1979 CPO/CTA Final Rule") (explaining that exemptions found in today's Regulations 4.13(a)(1)-(a)(2) "are being granted because the costs of compliance with the Part 4 rules outweigh the benefits to be gained from regulating family, club and small pools").

[15] Though, as discussed below, this exemption allowed for certain pool participants that are accredited investors and not QEPs, it is commonly referred to by market participants as the "QEP Exemption," and this release refers to it as the "Original QEP Exemption" for consistency and to avoid confusion.

sophisticated persons (including QEPs), subject to additional conditions regarding the nature of participants and marketing, as described below.[16] It was adopted to facilitate participation in the commodity interest markets by collective investment vehicles and their operators and advisers, with the intended added benefit of increasing liquidity for all market participants,[17] and, in part, to reduce duplicative, overlapping, and conflicting regulatory requirements applicable to CPOs, including CPOs routinely regulated by the SEC as RIAs.[18] The Commission recognized that QEPs—such as institutional investors, family offices, and high-net-worth individuals—possess the resources and expertise to evaluate investment risks without the need for prescriptive regulatory protections.[19]

The Original QEP Exemption had the following conditions with respect to the related commodity pool: (i) interests in the pool were exempt from registration under the Securities Act of 1933 ("Securities Act"),[20] and such interests were offered and sold without marketing to the public in the United States ("U.S."); and (ii) the CPO reasonably believed, at the time of investment, that each natural person participant is a QEP of the type listed in 17 CFR 4.7(a)(6)(i)[21] (*i.e.*, those not required to satisfy the Portfolio

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[16] 17 CFR 4.13(a)(4) (2010), *available at https://www.govinfo.gov/content/pkg/CFR-2010-title17-vol1/pdf/CFR-2010-title17-vol1-part4.pdf*; *see* Additional Registration and Other Regulatory Relief for Commodity Pool Operators and Commodity Trading Advisors; Past Performance Issues, 68 FR 47221 (Aug. 8, 2003) ("2003 CPO/CTA Final Rule"); *see also* Commodity Pool Operators and Commodity Trading Advisors: Compliance Obligations, 77 FR 11252 (Feb. 24, 2012) ("2012 CPO/CTA Final Rule").
[17] 2003 CPO/CTA Final Rule, 68 FR at 47223 (citing the related proposed rulemaking, Additional Registration and Other Regulatory Relief for Commodity Pool Operator and Commodity Trading Advisors; Past Performance Issues, 68 FR 12622, 12625 (Mar. 17, 2003) ("2003 CPO/CTA NPRM")). The Commission has also previously used its authority to reduce regulatory burden for entities otherwise subject to extensive federal or state regulation. *See, e.g.*, 17 CFR 4.5.
[18] *See* 2003 CPO/CTA Final Rule.
[19] *Id.* at 47222.
[20] 15 U.S.C. 77a, *et seq*.
[21] These QEPs are considered to have a higher level of sophistication, resilience, and experience in trading or managing commodity interest portfolios, within the QEP definition, and to not need the level of protection afforded by the Commission's regulatory regime applicable to registered CPOs (including in the QEP definition (1) registered futures commission merchants ("FCMs"), registered retail foreign exchange dealers, registered swap dealers, and principals thereof; (2) a registered broker or dealer, or a principal thereof; (3) certain registered CPOs and principals thereof; (4) certain registered CTAs and principals thereof; (5) certain RIAs and the principals thereof; (6) "qualified purchasers" as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 ("ICA"), 15 U.S.C. 80a-2(a)(51)(A); (7) "knowledgeable employees" as defined in 17 CFR 270.3c-5 pursuant to the ICA; (8) certain persons associated with an exempt pool or account, outlined in Regulations 4.7(a)(6)(i)(J) and (K), respectively; (9) certain trusts; (10) organizations described in section 501(c)(3) of the Internal Revenue Code ("IRC"), 26

Requirement (as defined in 17 CFR 4.7(a)(5))[22] to be a QEP), and each non-natural person participant is a QEP or an accredited investor (as defined in 17 CFR 230.501(a)(1)-(3), (7), or (8)) (each such participant, an "Eligible Participant").[23] Finally,

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U.S.C. 501(c)(3), subject to certain conditions; (11) non-U.S. persons; (12) entities in which all unit owners or participants are QEPs; (13) exempt pools; and (14) entities for which an exclusion under Regulation 4.5 has been claimed, if all unit owners or participants are also QEPs).

[22] The Portfolio Requirement requires a person "own securities (including pool participations) of issuers not affiliated with such person and other investments with an aggregate market value of at least $4,000,000;" "has had on deposit with an [FCM], for its own account at any time during the six-month period preceding either the date of sale to that person of a pool participation in the exempt pool or the date that the person opens an exempt account with the [CTA], at least $400,000 in exchange-specified initial margin and option premiums, together with any required minimum security deposits for retail foreign exchange transactions,… for commodity interest transactions;" or some combination of the two tests that, when combined, amount to 100%, *e.g.*, $2,000,000 in assets (50% of the asset test), and $200,000 in margin, premiums, and security deposits (50% of the margin test). 17 CFR 4.7(a)(5)(i)-(iii). The Commission has previously stated that the Portfolio Requirement, "provides a reasonable proxy for the experience, acumen, and resources necessary for certain persons, including natural persons, to be considered QEPs eligible to invest in complex commodity interest products without receiving the full panoply of information [and protection] otherwise required under part 4." Commodity Pool Operators, Commodity Trading Advisors, and Commodity Pools Operated: Updating the 'Qualified Eligible Person' Definition; Adding Minimum Disclosure Requirements for Pools and Trading Programs; Permitting Monthly Account Statements for Funds of Funds; Technical Amendments, 88 FR 70852, 70854 (Oct. 12, 2023) ("2024 CPO/CTA NPRM").

[23] Non-natural persons, therefore, could be considered QEPs under either 17 CFR 4.6(a)(i) or (a)(ii), or meet the specified accredited investor definitions. For the types of entities and persons who must meet the Portfolio Requirement to be a QEP, see 17 CFR 4.7(a)(6)(ii) (including in the QEP definition the following entities who must meet the Portfolio Requirement in order to be a QEP: (1) an investment company registered under the ICA, or a business development company as defined in section 2(a)(48) of the ICA, 15 U.S.C. 2(a)(48), not formed for the specific purpose of either investing in the exempt pool or opening an exempt account; (2) a bank as defined in section 3(a)(2) of the Securities Act, 15 U.S.C. 77c(a)(2), or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act, 15 U.S.C. 77c(a)(5)(A), acting for its own account or for the account of a QEP; (3) an insurance company as defined in section 2(13) of the Securities Act, 15 U.S.C. 77b(a)(13), acting for its own account or for the account of a QEP; (4) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; (5) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, 29 U.S.C. ch. 18, provided that the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, 29 U.S.C. 1002(21), which is a bank, savings and loan association, insurance company, or RIA, or that the employee benefit plan has total assets in excess of $5,000,000, or if the plan is self-directed, that investment decisions are made solely by persons that are QEPs; (6) a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. 80b-2(a)(22); (7) an organization described in section 501(c)(3) of the IRC, with total assets in excess of $5,000,000; (8) a corporation, Massachusetts or similar business trust, or partnership, limited liability company, or similar business venture, other than a pool, which has total assets in excess of $5,000,000, and is not formed for the specific purpose of either participating in the exempt pool or opening an exempt account; (9) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of either his purchase in the exempt pool or his opening of an exempt account would qualify him as an accredited investor as defined in 17 CFR 230.501(a)(5); (10) a natural person who would qualify as an accredited investor as defined in 17 CFR 230.501(a)(6); (11) a pool, trust, insurance company separate account or bank collective trust, with total assets in excess of $5,000,000, not formed for the purpose of either participating in the exempt pool or opening an exempt account, and whose participation in the exempt pool or investment in the exempt account is directed by a QEP; and (12) except as provided or the governmental entities referenced above, if otherwise authorized by law to engage in such transactions, a governmental entity (including the U.S., a state, or a foreign government) or political subdivision thereof, or a multinational or supranational entity or an instrumentality, agency, or department of any of the foregoing). *See also* 17 CFR 230.501(a)(1)-(3), (7)-(8).

the Original QEP Exemption provision permitted persons relying on it with respect to qualifying pools to do so without affecting their ability to claim exemption for additional pools investing a *de minimis* amount of pool assets in commodity interests, clearly establishing the pool-by-pool basis on which a pool operator could rely with respect to both of those CPO registration exemptions.[24]

The Commission rescinded the Original QEP Exemption in 2012.[25] At that time, the Commission determined it was appropriate to require the registration of certain previously exempt CPOs and to require the reporting with respect to commodity pools of information similar to Form PF, which the Commission had previously adopted jointly with the SEC.[26] When the Commission rescinded the Original QEP Exemption by removing and reserving paragraph (a)(4) in Regulation 4.13, the Commission also removed cross-references to former Regulation 4.13(a)(4) found elsewhere in Regulations 4.13 and 4.14, which included provisions governing the electronic filing of exemption notices and the availability of the related CTA registration exemption.[27]

C. The Trump Administration's Prosperity Agenda and the "Minimum Effective Dose" Regulatory Approach

In 2025, the Trump Administration articulated an agenda that emphasizes removing unnecessary and duplicative regulations, streamlining oversight where other federal regulators already provide robust coverage, and enhancing the efficiency and competitiveness of U.S. financial markets.[28] Consistent with that agenda, the Chairman of the CFTC ("Chairman Selig") has publicly advocated for a regulatory approach that

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[24] *See* 17 CFR 4.13(a)(4)(ii)(B) (2010).
[25] 2012 CPO/CTA Final Rule.
[26] *Id*. Following the joint adoption with the SEC of Form PF, the Commission subsequently adopted a new reporting requirement for CPOs through Regulation 4.27, which, among other things, requires certain CPOs to report periodically on Form CPO-PQR regarding their pool assets and activities. *See* 17 CFR pt. 4, app. A; and 17 CFR 4.27. *See also* Compliance Requirements for Commodity Pool Operators on Form CPO-PQR, 85 FR 71772 (Nov. 10, 2020) (adopting changes in the reporting required by Form CPO-PQR).
[27] *See* 2012 CPO/CTA Final Rule.
[28] *See* Executive Order 14192, Unleashing Prosperity Through Deregulation, 90 FR 9065 (Feb. 6, 2025) ("Prosperity Through Deregulation").

focuses on delivering the "minimum effective dose" of regulation—no more and no less—to maintain the protection of market participants, to foster sound, liquid, and competitive markets, and to support innovation.[29] In public statements explaining the Commission's regulatory priorities and approach, Chairman Selig expressed concern that the costs and complexity of accessing commodity interest markets have become too burdensome for smaller and mid-sized participants, and he committed the Commission to developing clear, *ex ante* "rules of the road."[30]

D. CFTC Staff Letter 25-50

Consistent with the regulatory agenda articulated above, on December 19, 2025, MPD issued Letter 25-50, which responded to a request from the Managed Funds Association ("MFA"). MFA argued that providing a registration no-action position to an RIA that is required to be registered as a CPO with the Commission ("RIA-CPO") "would mitigate the burdens of duplicative, overlapping regulation and is wholly aligned with the Trump Administration's efforts to identify regulations that eliminate jobs, or inhibit job creation; are outdated, unnecessary, or ineffective; impose costs that exceed benefits; or implement more stringent standards than required by law" and would further "policy goals [of the CFTC that] … recognize the sophistication of QEP investors and better harmonize CFTC regulation with the SEC, thereby reducing unnecessary expenses and burdens."[31] Letter 25-50 was intended by MPD to bridge the period between its issuance and when the Commission formally promulgated rules to reinstate the Original QEP Exemption (or determined otherwise).[32]

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[29] *See* Michael S. Selig, Chairman, CFTC, Remarks at FIA Global Cleared Markets Conference (Mar. 9, 2026), *available at https://www.cftc.gov/PressRoom/SpeechesTestimony/opaselig2* ("FIA Remarks"); Michael S. Selig, Chairman, CFTC, Testimony of Chairman Michael S. Selig Before the U.S. House Committee on Agriculture (Apr. 16, 2026) ("My staff have been working diligently to right-size cumbersome rules so that even our smallest producers can properly manage risk."), *available at https://www.cftc.gov/PressRoom/SpeechesTestimony/opaselig4*.

[30] *See supra* FIA Remarks.

[31] Letter 25-50, at 5.

[32] *Id*. at 7 (providing that the no-action position is effective "until such time as the Commission promulgates rules, or publicly determines not to promulgate rules, addressing the reinstatement" of the Original QEP Exemption).

Letter 25-50 provides no-action positions on CPO and CTA registration similar to the Original QEP Exemption in former Regulations 4.13(a)(4) and 4.14(a)(8), conditioned, among other things, on: (1) the CPO being an RIA regulated by the SEC; (2) the relevant pool interests being privately offered in the U.S. and exempt under the Securities Act, with general solicitation permitted for pools offered under Regulation 230.506(c);[33] (3) at the time of investment or reliance on Letter 25-50, the participants of the pool qualifying as QEPs pursuant to the definition found in 17 CFR 4.7(a)(6); and (4) the RIA filing a Form PF[34] with respect to such pool (CPOs qualifying under the conditions therein, "QEP No-Action CPOs").[35] It provides additional clarity that QEP No-Action CPOs are not required to offer pool participants an opportunity to redeem their participations in such pools pursuant to 17 CFR 4.13(e)(2) in order to qualify for the no-action position.[36] Notwithstanding the more streamlined and harmonized regulatory posture provided by Letter 25-50, the Commission understands that its practical implementation, in coordination with the National Futures Association ("NFA"), to which many of the Commission's registration and exemption functions have been delegated,[37] has proven to be complex, time-consuming, and difficult for MPD, NFA, and market participants seeking to rely on it due to, among other things, the need for NFA to mechanically enter each entity's reliance on the no-action position in its systems.

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[33] 17 CFR 230.506(c).

[34] Form PF is a reporting form for certain investment advisers to private funds and certain CPOs and CTAs, which is intended to collect information for the protection of investors, and for the assessment of systemic risk. The CFTC and SEC have signed a Memorandum of Understanding ("MOU") that creates the framework for sharing Form PF data between the agencies. *See* Memorandum of Understanding Between the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission Regarding the Use of Form PF Data (Feb. 8, 2024), *available at https://www.cftc.gov/media/10216/mou_sec_cftc_form_pf/download*.

[35] Letter 25-50, at 7-8.

[36] Under Regulation 4.13(e)(2)(iii), persons withdrawing from CPO registration to claim an exemption under Regulation 4.13(a)(3) must offer all participants an opportunity to redeem their interests when the pool's status changes, and prior to 2012, it required the same of pools exempt under the Original QEP Exemption. 17 CFR 4.13(e)(2)(iii) (2010). In response to MFA's request, in Letter 25-50, "MPD confirm[ed] that a QEP No-Action CPO who is relying on this no-action position, would not be required to comply with the requirements of Commission regulation 4.13(e)(2) solely with respect to pools for which the QEP No-Action CPO is relying on this no-action position." Letter 25-50, at 8.

[37] *See, e.g.,* Performance of Registration Functions by National Futures Association, 49 FR 39593 (Oct. 9, 1984).

E. CFTC Staff Letter 26-06

On February 26, 2026, MPD issued CFTC Staff Letter 26-06 ("Letter 26-06"), which provided an additional no-action position with respect to certain delegation arrangements between CPOs entered into in reliance on the no-action position established by CFTC Staff Letter 14-126 ("Letter 14-126"), issued by MPD's predecessor, the Division of Swap Dealer and Intermediary Oversight.[38] Letter 14-126 provides a no-action position on CPO registration to CPOs who delegate their CPO responsibilities and functions ("Delegating CPOs") to "Designated CPOs," provided certain conditions (defined as "Criteria" in Letter 14-126) are met, including that the Designated CPO is registered with the Commission as a CPO.[39] Subsequent to the issuance of Letter 25-50, MFA informed MPD staff that Designated CPOs wished to avail themselves of the no-action positions provided by Letter 25-50, but were concerned that deregistering as a CPO in reliance on Letter 25-50 would make the Delegating CPO ineligible for the no-action position in Letter 14-126. As a result, MPD believed that an additional no-action position addressing this issue was warranted, and therefore, reissued the content of Letter 25-50 with an additional no-action position in relation to Letter 14-126 by publishing Letter 26-06, stating "MPD will not recommend that the Commission commence an enforcement action against a Delegating CPO for failure to register as a CPO where all of [the Criteria in Letter 14-126] are satisfied except that the Designated CPO is a QEP No-Action CPO instead of being a registered CPO (as otherwise required by Criterion 2)."[40]

F. Need for Rulemaking

The Commission believes that formal rulemaking in this context of CPO exemptions is necessary to provide durable, transparent, and uniformly applicable

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[38] CFTC Staff Letter 26-06 (Feb. 26, 2026), *available at* https://www.cftc.gov/csl/26-06/download ("Letter 26-06"); CFTC Staff Letter 14-126 (Oct. 15, 2024), *available at* *https://www.cftc.gov/sites/default/files/idc/groups/public/@lrlettergeneral/documents/letter/14-126.pdf* ("Letter 14-126").
[39] Letter 26-06, at 1; Letter 14-126, at 4-6.
[40] Letter 26-06, at 2, 9.

regulatory standards, while reducing the duplicative regulation of RIA-CPOs and the commodity pools they operate, and to provide consistency with past efforts to codify in its regulations staff letters that become routinely or widely utilized by market participants. The Commission believes it serves the public interest, and particularly the interests of market participants, to engage in notice-and-comment rulemaking and to seek and consider the public's views in amending its regulations, consistent with the requirements of the APA. Moreover, the Commission believes that long-term reliance on no-action positions, like those in Letter 25-50, which do not represent the views of the Commission itself, and which could easily be withdrawn or modified by MPD, provides less long-term certainty for market participants and limits the opportunity for public input on Commission policy-making decisions.

The Commission further believes it is appropriate to undertake this rulemaking effort because it is consistent with the Commission's current regulatory approach of harmonizing CFTC and SEC regulatory regimes by reducing overlapping registration and compliance requirements, and because the Commission wishes to provide clarity in the context of CPO exemptions, while ensuring the statutory mandates and oversight goals contemplated by the CEA and the Commission's part 4 regulations are met. The Commission's experience administering Regulation 4.13 supports the premise that registration exemptions play a critical role in tailoring regulatory obligations to the nature of pools and their participants. Further, through this rulemaking process, the Commission intends to address many of the practical complexities of complying with the no-action positions in Letter 25-50.

II. The Proposal

A. Proposed Regulation 4.13(a)(4)

1. Overview and Policy Rationale

Proposed Regulation 4.13(a)(4) would provide an exemption from CPO registration for RIAs in relation to commodity pools that meet certain proposed conditions discussed in more detail below (each commodity pool satisfying all of the conditions in Proposed Regulation 4.13(a)(4), an "Eligible Pool").[41] Proposed Regulation 4.13(a)(4) is modeled on the Original QEP Exemption and the no-action position for QEP No-Action CPOs in Letter 25-50, but incorporates refinements, discussed below, to reflect the Commission's experience with implementing Letter 25-50 and past CPO exemptions.

As discussed above, the Commission has previously determined that providing an exemption from CPO registration is appropriate, where appropriately calibrated, when CPO registration with the Commission and full compliance with its requirements would provide limited benefit to the public.[42] Consistent with the Commission's historical justifications for proposing and adopting CPO exemptions in other contexts, the Commission preliminarily believes that a CPO registration exemption is appropriate with respect to RIAs and their Eligible Pools that are already subject to robust SEC oversight and regulation, through the Investment Advisers Act of 1940 (the "Advisers Act") and Form PF, and that this exemption would effectively reduce overlapping regulatory requirements consistent with the Trump Administration's efforts to streamline federal regulatory oversight.[43]

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[41] The new text would replace the currently reserved paragraph (a)(4) of Regulation 4.13. 17 CFR 4.13(a)(4).
[42] *See* 1979 CPO/CTA Final Rule.
[43] *See* Prosperity Through Deregulation.

2. SEC Investment Adviser Registration

The Commission is proposing to limit the exemption in Proposed Regulation 4.13(a)(4) to RIAs. Doing so is consistent with the conditions of Letter 25-50 and ensures that CPOs relying on the Proposed RIA-QEP Exemption are subject to a robust federal regulatory regime. RIAs are already subject to oversight and regulation under the Advisers Act and the SEC's regulations issued thereunder, including conduct standards, examinations under the federal securities laws, disclosure to RIA clients and reporting to the SEC, and for certain RIAs, reporting on Form PF.[44] The Commission recognizes that this oversight by the SEC is significant and appropriately tailored for the conduct of RIAs in the financial markets.

This condition of the Proposed RIA-QEP Exemption is also consistent with the Commission's approach of ensuring that the "minimum effective dose" of regulation is applied to Commission registrants and entities participating in markets subject to Commission jurisdiction. Moreover, exempting RIAs from CPO registration would effectively and significantly reduce duplicative regulatory burdens, as requested by industry groups like MFA, and encouraged by the Trump Administration's executive orders, without undermining the purposes and goals of the Commission's mandates established by the CEA. Under these circumstances, the Commission preliminarily believes that it is appropriate to rely upon the existing SEC regulatory system applied to RIAs, and that the CFTC can safely reduce duplicative federal regulation of RIAs whose conduct also meets the CPO definition through the Proposed RIA-QEP Exemption, rather than requiring compliance with its part 4 regulatory regime applicable to CFTC-registered CPOs.

[44] *See* 17 CFR pt. 275.

3. Private U.S. Offerings and Limited Solicitation

The Commission is proposing to require that interests in Eligible Pools be exempt from registration under the Securities Act and only marketed to the public in the U.S. under certain limited circumstances. Pursuant to the Original QEP Exemption, and consistent with Letter 25-50, interests in a pool exempt thereunder were required to be exempt from registration under the Securities Act,[45] and offered and sold without marketing to the public in the U.S. Since the Original QEP Exemption was rescinded by the Commission in 2012, Congress passed, also in 2012, the Jumpstart Our Business Startups Act ("JOBS Act"),[46] described as "an act to increase American job creation and economic growth by improving access to the public capital markets for emerging growth companies."[47] The SEC implemented the JOBS Act in a variety of ways, including by amending provisions of Regulation D,[48] to permit issuers (including private funds[49]) to engage in general solicitation or general advertising in offering and selling securities, provided that all purchasers of the securities are accredited investors and the issuer takes reasonable steps to verify that such purchasers meet the SEC's definition of "accredited investor."[50] In 2019, the Commission adopted amendments to the exemptions in 17 CFR 4.7(b) and 4.13(a)(3) that effectively codified Commission staff letters[51] and sought to harmonize those CFTC regulations with those of the SEC, as amended, to comply with

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[45] 15 U.S.C. 77a, *et seq*.
[46] P.L. 112-106, 126 Stat. 306 (2012).
[47] *Id*.
[48] Eliminating the Prohibition Against General Solicitation and General Advertising in Rule 506 and Rule 144A Offerings, 77 FR 54464 (Sep. 5, 2012), and 78 FR 44771 (Jul. 24, 2013).
[49] For additional discussion on private funds, see "Private Funds," U.S. Securities and Exchange Commission (last reviewed Aug. 18, 2026), *available at https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks/private-funds*.
[50] 17 CFR 230.506(c).
[51] *See, e.g.*, CFTC Staff Letter 14-116 (Sep. 9, 2014) *available at https://www.cftc.gov/csl/14-116/download*, *superseded by* Registration and Compliance Requirements for Commodity Pool Operators (CPOs) and Commodity Trading Advisors: Family Offices and Exempt CPOs, 84 FR 67355 (Dec. 10, 2019) ("Family Offices and Exempt CPOs Final Rule"). This final rule additionally adopted CPO and CTA exemptions with respect to "family offices," thereby codifying CFTC Staff Letters 12-37 and 14-143, and further harmonizing CFTC and SEC regulatory regimes. Family Offices and Exempt CPOs Final Rule, 84 FR at 67357-60, 67368-69.

and facilitate the stated goals of the JOBS Act.[52] The Commission preliminarily believes that it is appropriate to continue its harmonization of CPO exemptions with the goals of the JOBS Act and related subsequent amendments to applicable securities regulations. Therefore, to provide greater flexibility for solicitation in limited circumstances that have been encouraged and facilitated by the JOBS Act, and consistent with the marketing condition in Letter 25-50, the Commission is proposing that Eligible Pools be prohibited from marketing to the public in the U.S., except with respect to Eligible Pools offered pursuant to 17 CFR 230.506(c).

4. Limiting Eligible Pool Participation Consistent with the Original QEP Exemption

The Commission proposes to require in Proposed Regulation 4.13(a)(4) that pool participants be limited in the same manner as in the Original QEP Exemption, with different requirements for non-natural and natural person participants. Accordingly, participants would be limited to Eligible Participants, as defined above, *i.e.*, natural person participants limited to those QEPs listed in 17 CFR 4.7(a)(6)(i) (those that do not have to meet the Portfolio Requirement), and non-natural person participants limited to all QEPs and accredited investors listed under 17 CFR 230.501(a)(1)-(3), (a)(7), or (a)(8).

The Commission recognizes that this is a recalibration of the participant condition MPD included in Letter 25-50, which did not differentiate between natural and non-natural persons; however, given its experience in administering the Original QEP Exemption from its 2003 adoption to its 2012 rescission, the Commission preliminarily believes that it is appropriate to include the participation limitations from the Original QEP Exemption in Proposed Regulation 4.13(a)(4). As the Commission has previously recognized, the QEP definition "encompasses a broad spectrum of market participants

[52] Family Offices and Exempt CPOs Final Rule, 84 FR at 67361 (stating that "harmonizing the impact of the JOBS Act on dually-regulated entities eliminates incompatibilities between comparable SEC and CFTC regulatory regimes, and generally provides legal certainty regarding these transactions in a manner that allows these entities to benefit from the new offering process under the JOBS Act").

from large fund complexes and other institutional investors with significant assets under management to individuals with varying backgrounds and experience, each of which has vastly different resources available to [them]."[53] Moreover, the Commission has previously recognized that there is a fundamental difference between large institutional investors, financial entities, and fund complexes, when compared with individual natural persons, and that such differences sometimes warrant different treatment of entities and natural persons, even those that are sophisticated, in the application of Commission regulations. Tailoring participation to maintain consistency with prior Commission opinions and statements regarding the wide variety and spectrum of investors encompassed by the QEP definition preserves an appropriate balance between customer protection and providing much-needed flexibility and innovative opportunities for investors and intermediaries in the commodity interest markets. Further, this approach recognizes that non-natural person QEPs typically possess greater financial resources and resilience, sophisticated compliance and risk management regimes with which to evaluate potential investment opportunities, and greater overall experience trading in financial markets, and thus, require less customer protection or intervention from CFTC regulations. Finally, given that the proposed requirement is sourced directly from the Original QEP Exemption, the Commission preliminarily expects that RIAs seeking to rely on the Proposed RIA-QEP Exemption will already be familiar with these participant limitations and readily able to comply with them.

5. Form PF Reporting

The Commission is proposing that for an RIA-CPO to be eligible for the exemption in Proposed Regulation 4.13(a)(4) with respect to an Eligible Pool, it must file

[53] 2024 CPO/CTA Final Rule, 89 FR at 78796 (citing the 2024 CPO/CTA NPRM, 88 FR at 70856).

Form PF for that pool, if required to do so.[54] The Commission preliminarily believes that this proposed condition is appropriate and will allow the CFTC and other Financial Stability Oversight Council ("FSOC") regulators to obtain non-duplicative data needed for effective market oversight and systemic risk monitoring without imposing separate, and potentially duplicative, reporting obligations. This condition aligns with the Trump Administration's emphasis on coordinated regulation among federal agencies and reducing regulatory overlap, while preserving the CFTC's ability to monitor whether Eligible Pools pose risks to the commodity interest markets or to financial stability more broadly.

B. Conforming Amendments to Regulation 4.13

Finally, as discussed in further detail below, the Proposal reinstates prior references to paragraph (a)(4) throughout Regulation 4.13, which would, in effect, require compliance with the existing provisions of 17 CFR 4.13(b), (c), (d), and (e). The Commission preliminarily believes that these requirements are an important part of the "minimum effective dose" of regulation for all exempt CPOs and pools, ensuring basic transparency to participants and the Commission, and that the conforming amendments outlined below effectively integrate Proposed Regulation 4.13(a)(4) into the existing framework of Regulation 4.13.[55]

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[54] Currently, the Commission, in a joint proposed rulemaking with the SEC, has proposed, among other amendments, raising the filing thresholds for Form PF, which, if adopted, will likely reduce the number of RIAs required to file Form PF for the private funds they operate and advise. Form PF; Reporting Requirements for All Filers, 91 FR 22232 (Apr. 24, 2026) ("Form PF Joint NPRM"). As such, the Commission proposes to require a Form PF filing to qualify for the Proposed RIA-QEP Exemption, where the CPO is required by securities regulations and Form PF, as amended, to do so. This proposed requirement maintains harmonization efforts going forward between applicable securities regulations and CFTC regulations applicable to CPOs.

[55] The Commission notes that certain other cross-references in Regulation 4.13 and other Commission regulations will be given effect by the replacement of paragraph (a)(4) and the creation of a new CPO registration exemption. *See, e.g.,* 17 CFR 4.13(a)(3)(iv) and (a)(7)(i). These provide, respectively, for pool-by-pool exemptions as noted above and for the delivery of certain communications to prospective participants.

1. Regulation 4.13(b)(1)(ii): Electronic Notice of Exemption

Under Regulation 4.13(b)(1), persons claiming an exemption from CPO registration must file a notice of exemption with the NFA, typically through NFA's "electronic exemption filing system," today known as NFA's Online Registration System.[56] The Commission is proposing to amend Regulation 4.13(b)(1)(ii)[57] to restore the ability of persons claiming an exemption under Proposed Regulation 4.13(a)(4) to identify that exemption in their electronic filings. Specifically, Regulation 4.13(b)(1)(ii) would be amended to add a reference to paragraph (a)(4). This proposed amendment reinstates the reference to paragraph (a)(4) that was removed when the Original QEP Exemption was rescinded and ensures that NFA's electronic exemption filing system can properly capture and track claims under the restored exemption. The Commission notes further that RIA-CPOs claiming an exemption under Proposed Regulation 4.13(a)(4), like all other persons claiming an exemption under Regulation 4.13, would be subject to the remaining provisions of paragraph (b) thereunder, including, but not limited to, required representations regarding statutory disqualifications, required annual notices of exemption with NFA confirming continued reliance on the RIA-QEP Exemption, and necessary updates to ensure exemption notices are accurate and complete, as well as the recordkeeping requirements found in Regulation 4.13(c).[58]

2. Regulation 4.13(e)(2): Treatment of Certain Pools Operated by Registered CPOs

Regulation 4.13(e)(2) currently provides that a person, who operates one or more exempt pools described in paragraph (a)(3), and one or more pools for which it must be, and is, registered as a CPO, is exempt from requirements applicable to registered CPOs with respect to its exempt pools, provided that specified disclosures and rights are

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[56] 17 CFR 4.13(b)(1).
[57] 17 CFR 4.13(b)(1)(ii).
[58] *See* 17 CFR 4.13(b)(1)(iii), (b)(4), and (b)(5); 17 CFR 4.13(c).

afforded to participants.[59] The Commission proposes to amend Regulation 4.13(e)(2) as shown in the proposed rule text to extend this framework to pools described in revised paragraph (a)(4), which had been referenced in this regulation prior to the 2012 rescission of the Original QEP Exemption. This proposed amendment ensures that participants in pools transitioning from registered to exempt status under Regulations 4.13(a)(3) or (a)(4) receive notice, an opportunity to redeem, and ongoing transparency, consistent with the existing protections in Regulation 4.13.

3. Integration of No-Action Positions Provided by Letters 25-50 and 26-06 and the Proposed Amendments in Regulation 4.13

The Commission additionally wishes to provide clarity with respect to the impact of the Proposal and its potential codification of the no-action positions provided by Letter 25-50. The Commission preliminarily intends the proposed amendments herein to ultimately supersede the no-action positions provided currently by Letter 25-50, if they are finalized by the Commission in a final rule.[60] As explained further below, the Commission solicits comment on this and many other aspects of the Proposal.[61]

Nonetheless, the Commission acknowledges that Letter 25-50 provides a no-action position regarding the requirements of Regulation 4.13(e)(2). In particular, a no-action position on the requirement that a CPO offer a right of redemption to all pool participants prior to claiming and relying upon the CPO registration no-action position in Letter 25-50, potentially conflicts with the proposed conforming amendments to Regulation 4.13 reinstating cross-references to paragraph (a)(4) that would require, among other things listed in 17 CFR 4.13(e)(2), that a CPO transitioning a pool operated by a registered CPO to an exempt status offer such a redemption right as a condition of claiming the exemption in Proposed Regulation 4.13(a)(4). The Commission believes it

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[59] 17 CFR 4.13(e)(2).

[60] In such case, MPD may determine to rescind Letter 25-50. Letter 25-50, at 8 (stating that "MPD retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the position taken herein, in its discretion").

[61] *See infra* III. Request for Comment.

is important to reincorporate references to proposed paragraph (a)(4) within Regulation 4.13 to restore the original coordination and efficacy of Regulation 4.13 prior to the 2012 rescission of the Original QEP Exemption. However, the 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.[62] Therefore, the Commission preliminarily intends that, consistent with their claims under Letter 25-50, such CPOs would generally not be subject to 17 CFR 4.13(e)(2) for such pools. However, like other CPOs claiming an exemption under 17 CFR 4.13(a)(3) or (a)(4), they would be subject to 17 CFR 4.13(e)(2) for pools for which they have not relied on Letter 25-50. To carry out its intention to not subject CPOs and pools relying on Letter 25-50 to 17 CFR 4.13(e)(2), the Commission is considering whether a separate, later effective date with respect to the application of 17 CFR 4.13(e)(2) to pools relying on the exemption in Proposed Regulation 4.13(a)(4) would appropriately address this issue and requests public comment on this proposed methodology.[63]

With respect to the no-action position in Letter 26-06 preserving the no-action position for Delegating CPOs in Letter 14-126, the Commission preliminarily believes the proposed amendments to Regulation 4.13 do not create concerns for Delegating and Designated CPOs engaged in delegation arrangements with respect to Eligible Pools. The Commission notes that the Proposed QEP Exemption would be broadly available to both Delegating and Designated CPOs with respect to an Eligible Pool, and more broadly, that a no-action position on CPO delegation, like that in Letter 14-126, is not necessary where the pool for which responsibility is being delegated is an exempt pool,

[62] The Commission notes that, to the extent QEP No-Action CPOs have already claimed Letter 25-50 for qualifying pools and have already deregistered as CPOs, they would not be registered CPOs operating pools transitioning from registered to exempt status under Regulation 4.13, which the right of redemption requirement in Regulation 4.13(e)(2)(iii) is intended to address.
[63] *See infra* III.C.3.

including an Eligible Pool under the Proposed QEP Exemption, rather than one requiring CPO registration.[64] The Commission specifically requests comment from Delegating and Designated CPOs with respect to this issue.[65]

C. Proposed Regulation 4.14(a)(8): CTA Exemption for Advisers to Certain Exempt Pools

Regulation 4.14(a) provides various exemptions from registration as a CTA.[66] 17 CFR 4.14(a)(8) currently allows an investment adviser whose commodity interest trading advice is directed solely to, and for the sole use of, among other clients listed therein, a CPO that has claimed an exemption under Regulation 4.13(a)(3), to be exempt from CTA registration with respect to its advisory activities for pools meeting that exemption's criteria. Prior to the 2012 rescission of the Original QEP Exemption, CPOs exempt under Regulation 4.13(a)(4) were also permitted clients in this CTA exemption.[67]

The Commission is proposing to amend 17 CFR 4.14(a)(8)(i)(D) to restore the cross-reference to Regulation 4.13(a)(4), such that the CTA exemption would also be available to investment advisers, including RIAs, whose commodity interest trading advice is directed, among others, solely to a CPO that has claimed an exemption under Proposed Regulation 4.13(a)(4) with respect to Eligible Pools. The Commission preliminary believes that this proposed amendment is necessary to restore the integrated functioning of Regulations 4.13 and 4.14 as they operated prior to the 2012 rescission of the Original QEP Exemption and to avoid requiring separate CTA registration for advisory activities related solely to CPOs and pools that qualify for the exemption in

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[64] Letter 14-126 notes that CPO delegation arrangements in pools operated by registered CPOs seeking guidance and no-action positions from MPD's predecessor division(s) likely increased, at least in part, as a result of the 2012 rescission of the Original QEP Exemption, which caused an increase in CPO registration applications. Letter 14-126, at 3, n. 8 (citing CFTC Staff Letter 14-69 (May 12, 2014)).

[65] *See infra* III.A.3.

[66] 7 U.S.C. 6m; 17 CFR 4.14(a).

[67] 17 CFR 4.14(a)(8) (providing a CTA exemption to qualifying persons who are, "an investment adviser registered under the [Advisers Act] or with the applicable securities regulatory agency of any State, or … exempt from such registration, or … excluded from the [investment adviser] definition …of the [Advisers Act]"). *Cf.* 17 CFR 4.14(a)(8) (2010).

Proposed Regulation 4.13(a)(4). This approach is consistent with past Commission approaches regarding intermediary exemptions, namely that exempt CPOs should, generally speaking, also be exempt from CTA registration with respect to qualifying exempt pools,[68] and with the Commission's rationale explained in Federal Register releases proposing and adopting the CPO exemptions in Regulations 4.13(a)(3) and (a)(4) in 2003.[69] Finally, the Commission notes that this proposed amendment implements and expands the no-action position provided in Letter 25-50 with respect to CTA activity and services provided by QEP No-Action CPOs relying on Letter 25-50.[70]

D. *Proposed Regulation 4.13(a)(2): Inflation-Based Adjustment to the Small Pool Exemption Threshold*

Chairman Selig has publicly noted that current regulatory costs can be disproportionately burdensome for small- and medium-sized businesses accessing the commodity interest markets, and thus, has advocated for a "minimum effective dose" of regulation.[71] An inflation-based adjustment to the Small Pool Exemption is consistent with this philosophy: a carefully considered increase to the gross capital contributions threshold preserves the original intent and rationale of the Small Pool Exemption (that the regulatory costs of registration and compliance outweigh the benefits participants may receive as a result, in the context of small commodity pools and their CPOs), maintains existing participant limits and exclusions from the gross capital contributions calculation, updates the threshold in a manner that reflects current economic conditions, and effectively lowers the bar to entry in commodity interest markets for comparatively small commodity pools, their CPOs, and their pool participants.

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[68] *See, e.g.*, 17 CFR 4.14(a)(5).

[69] 2003 CPO/CTA Final Rule, 68 FR at 47223; *see also* 2003 CPO/CTA NPRM, 68 FR at 12625 (explaining that the amendments therein were "intended to allow greater flexibility and innovation, and to take into account market developments and the current investment environment" and "to facilitate participation in the commodity interest markets by additional collective investment vehicles and their advisers, with the added benefit to all market participants of increased liquidity").

[70] Letter 25-50, at 7.

[71] *See supra* FIA Remarks.

1. Existing Small Pool Exemption

Under the Small Pool Exemption, 17 CFR 4.13(a)(2) currently provides an exemption from CPO registration for operators of "small pools," defined as pools with no more than 15 participants and total gross capital contributions across all pools the person operates or intends to operate not exceeding $400,000, subject to certain exclusions for those contributions.[72] This threshold was last updated in 2003, when the Commission doubled the threshold of $200,000 as adjusted in 1981 to the current $400,000 to account for the effects of inflation in the intervening 22 years.[73] The Small Pool Exemption is intended to relieve operators of pools with a small total financial and participant footprint from the costs and burdens of full CPO registration, while still subjecting them to the anti-fraud and other provisions of the CEA.[74]

2. Proposed Increase of Gross Capital Contributions Limit to $800,000

Given that more than two decades have passed since its last adjustment, and to again account for the effects of inflation and maintain the original scope and purpose of the Small Pool Exemption, the Commission is proposing to amend the threshold in Regulation 4.13(a)(2)(ii) by increasing the total gross capital contributions threshold from $400,000 to $800,000. This doubling of the threshold reflects the approximate cumulative inflationary impact since 2003, consistent with the Commission's methodology in adjusting this threshold in 2003 based on the Consumer Price Index for

[72] 17 CFR 4.13(a)(2)(iii) excludes certain contributions from counting towards the financial threshold, *i.e.*, those from the pool's CPO, CTA, or principals thereof; from any child, sibling or parent of those participants; any spouse of those participants; and any relative of those participants, its spouse or a relative of its spouse, who has the same principal address as such participants. 17 CFR 4.13(a)(2)(iii)(A)-(D).

[73] *See supra* 2003 CPO/CTA Final Rule. For further discussion, see 2003 CPO/CTA NPRM, 68 FR at 12626.

[74] 1979 CPO/CTA Final Rule, 44 FR at 1919 ("because the costs of compliance with the Part 4 rules outweighs the benefits to be gained from regulating […] small pools.").

All Urban Consumers ("CPI-U") and its recent adjustments to QEP Portfolio Requirement thresholds under Regulation 4.7.[75]

The proposed amendment would not alter the 15-participant per pool limit or the exclusion of certain contributions from the calculation of gross capital contributions. By updating only the monetary threshold, the Commission seeks to maintain the exemption's focus on small pools, while recognizing that the real value of the 2003 threshold has eroded over time. Utilizing the CPI Inflation Calculator, which uses data from the CPI-U to determine the current value of financial amounts, the Commission has determined that $400,000 in January 2003 has the same buying power as $735,097 as of July 2026.[76]

Like its 2024 amendments to the Portfolio Requirement in Regulation 4.7,[77] the Commission is continuing its efforts to ensure that its exemptions and regulatory thresholds remain appropriate, especially in the context of rapidly growing and expanding commodity interest markets. The Commission preliminarily believes that rounding up to the nearest hundred thousand, *i.e.*, $800,000, is an appropriate Small Pool Exemption threshold for financial size that will be simpler for persons seeking to calculate their gross capital contributions across their operated pools, and provides a degree of durability, as it will add a buffer in advance of any near-term inflation.

III. Request for Comment

The Commission is requesting comment on all aspects of the Proposal. In responding to each of the following questions, please provide a detailed response, including the rationale for such response, cost and benefit considerations, and relevant supporting information, such as data or studies available. The Commission specifically requests comment on the following:

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[75] *See supra* 2024 CPO/CTA Final Rule; 2003 CPO/CTA NPRM, 68 FR at 12626, finalized by 2003 CPO/CTA Final Rule.
[76] *See* U.S. Bureau of Labor Statistics, CPI Inflation Calculator, *available at https://www.bls.gov/data/inflation_calculator.htm*.
[77] *See* 2024 CPO/CTA Final Rule; 17 CFR 4.7(a)(5).

A. Proposed Regulation 4.13(a)(4)

1. Is it appropriate for the Commission to endeavor to provide a CPO registration exemption for RIAs operating and advising commodity pools that participate in the commodity interest markets on behalf of sophisticated investors? Why or why not?

2. Are the conditions of Proposed Regulation 4.13(a)(4)—SEC registration, exempted offering of pool interests, marketing limitations, participant limits based upon the Original QEP Exemption, and, where applicable, Form PF reporting—appropriate? Why or why not? For instance, please consider the following specific issues:

   i. Does the exception of Rule 506(c) offerings from the marketing prohibition in Proposed Regulation 4.13(a)(4)(i) effectively incorporate developments in securities law and private funds practice since the JOBS Act was passed and the SEC adopted related regulatory amendments?

   ii. Is the proposed Form PF reporting condition sufficient to provide the Commission and FSOC with the information needed to monitor Eligible Pools for market and systemic risk? Given the proposed increases in Form PF filing thresholds discussed above,[78] what, if any, regulatory risk is presented by certain RIAs and private funds potentially no longer being required to file Form PF, and also being exempt from reporting on Form CPO-PQR?[79] Should the Commission consider additional or alternative reporting conditions for Eligible Pools? How should the Commission address these concerns, if at all, in Proposed Regulation 4.13(a)(4)?

   iii. Are there other categories of "accredited investor" that the Commission should consider adding to the list of Eligible Participants in Proposed Regulation 4.13(a)(4)?

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[78] Form PF Joint NPRM.

[79] 17 CFR 4.27, and pt. 4, app. A.

iv. Please describe in detail any suggested adjustments to the conditions of the Proposed RIA-QEP Exemption, or any different or additional conditions the Commission should consider, as well as the specific rationale justifying such adjustments or conditions.

3. By its terms, Letter 25-50 is intended to remain in effect until the Commission completes a rulemaking addressing the reinstatement of the Original QEP Exemption (or determines not to complete such a rulemaking). The Commission requests comment on whether the Proposal, if adopted as a final rule, should supersede Letter 25-50 in its entirety or only in part. Why or why not? In addition, the Commission requests comment on whether it should take any action similar to that in Letter 26-06 with respect to the treatment of CPO delegation arrangements under Letter 14-126 if it ultimately adopts the Proposed QEP Exemption. Why or why not?

B. Inflation-based Increase of the Small Pool Exemption's Gross Capital Contributions Threshold

Is the proposed increase of the gross capital contributions threshold in 17 CFR 4.13(a)(2)(ii) from $400,000 to $800,000 an appropriate adjustment that effectively considers inflation since its last adjustment in 2003? Should the Commission consider a different amount? Why or why not? Please provide appropriate or relevant data on commodity pool size justifying alternative thresholds, whether higher or lower than that currently proposed.

C. Proposed Amendments Reinstating Cross-References to Regulation 4.13(a)(4) and Related CTA Exemption

1. Are the proposed conforming amendments to 17 CFR 4.13(b)(1)(ii), 4.13(e)(2), and 4.14(a)(8)(i)(D) clear and sufficient to reinstate the full functionality and coordination of the CPO and CTA exemption framework as it existed prior to the 2012 rescission of the Original QEP Exemption? Why or why not?

2. Should the Commission not make any particular proposed conforming amendment? Please identify the particular proposed amendment and provide a detailed explanation as to why it should or should not be included in amendments adopting a finalized RIA-QEP Exemption.

3. If the Proposal is ultimately finalized by the Commission through the publication of a related final rule, the amendments would generally become effective on the date that such a final rule is published. Should the Commission consider utilizing a later effective date solely with respect to the conforming amendment to 17 CFR 4.13(e)(2), especially with respect to qualifying pools and QEP No-Action CPOs that claimed Letter 25-50? Why or why not?

IV. Related Matters

A. Regulatory Flexibility Act

The Regulatory Flexibility Act ("RFA") requires Federal agencies to consider whether the rules they propose will have a significant economic impact on a substantial number of small entities and, if so, to provide a regulatory flexibility analysis reflecting the impact.[80] Whenever an agency publishes a general notice of proposed rulemaking for any rule, pursuant to the notice-and-comment provisions[81] of the APA, a regulatory flexibility analysis or certification is typically required.[82]

The Commission has previously established certain definitions of "small entities" to be used by the Commission in evaluating the impact of its regulations on small entities in accordance with the RFA.[83] The Proposal published by the Commission today would affect only persons registered or required to be registered as CPOs and CTAs in relation

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[80] 5 U.S.C. 601, *et seq*.
[81] *See* 5 U.S.C. 553 (for specific notice-and-comment provisions).
[82] *See* 5 U.S.C. 601(2), 603-605.
[83] *See, e.g.*, Policy Statement and Establishment of Definitions of "Small Entities" for Purposes of the Regulatory Flexibility Act, 47 FR 18618, 18618-21 (Apr. 30, 1982).

to commodity pools and trading programs qualifying for a registration exemption under the proposed amendments to Regulations 4.13 or 4.14, as shown in the attached rule text.

1. CPOs

With respect to CPOs, the Commission has previously determined that a CPO is a small entity for purposes of the RFA, only if it meets the criteria for the Small Pool Exemption.[84] Only one proposed amendment would directly impact CPOs considered to be small entities, and thus would require RFA analysis with respect to its potential impact on CPOs, and that is the proposed amendment to the requirements of the Small Pool Exemption. The proposed amendment would revise Regulation 4.13(a)(2) to expand the availability of the current Small Pool Exemption by increasing the gross capital contributions across pools operated by eligible CPOs from $400,000 to $800,000. The Commission expects this doubling would result in savings and reducing compliance costs arising from CPO registration and compliance for those CPOs that would be newly eligible for the exemption. However, the Commission preliminarily believes that this proposed increase, which is intended to update the financial threshold to account for the effects of inflation since 2003, would not result in a substantial increase in the number of CPOs claiming the Small Pool Exemption and the Commission does not expect resulting cost reductions to result in a significant economic impact. Therefore, the Commission preliminarily believes that Proposed Regulation 4.13(a)(2) will not have a significant economic impact on a substantial number of small entities. Accordingly, the Chairman, on behalf of the Commission, certifies pursuant to 5 U.S.C. 605(b) that this Proposal will

[84] *Id*. at 18619-20. As stated above, 17 CFR 4.13(a)(2) exempts a person from registration as a CPO when: (1) none of the pools operated by that person has more than 15 participants at any time, and (2) when excluding certain sources of funding, the total gross capital contributions the person receives for units of participation in all of the pools it operates or intends to operate do not, in the aggregate, exceed $400,000. The Commission notes that its proposed increase to this dollar threshold may also increase the number of CPOs that are eligible for the Small Pool Exemption and, thus, that are treated as "small entities" for purposes of the Commission's RFA compliance.

not have a significant economic impact on a substantial number of small entities, with respect to CPOs.

2. CTAs

Regarding CTAs, the Commission has previously considered whether such registrants would be deemed small entities for purposes of the RFA on a case-by-case basis, in the context of the particular Commission regulation at issue.[85] Only one proposed amendment in the Proposal would directly impact CTAs, and that is the addition of a cross-reference of Regulation 4.13(a)(4) to Regulation 4.14(a)(8)(i)(D). 17 CFR 4.14(a)(8) provides an exemption from CTA registration for RIAs, state-registered investment advisers, and exempt investment advisers, with respect to certain investment vehicles, persons, and entities that they advise. The effect of Proposed Regulation 4.14(a)(8)(i)(D) is to slightly expand the availability of this exemption because it would add to the list of permissible clients, the CPOs of those pools that qualify for the exemption under Proposed Regulation 4.13(a)(4). The Commission preliminarily believes that CTAs claiming the exemption in Regulation 4.14(a)(8) are investment advisers, primarily RIAs, with large amounts of assets under management and significant trading experience, who are frequently affiliated with large financial institutions, and thus, not likely to be persons the Commission would consider to be "small entities."[86]

Accordingly, the Chairman, on behalf of the Commission, certifies pursuant to 5 U.S.C. 605(b) that the Proposal will not have a significant economic impact on a substantial number of small entities, with respect to CTAs.

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[85] *Id*. at 18620.

[86] *See, e.g.*, 2024 CPO-CTA Final Rule, 89 FR at 78804 (describing CTAs relying upon Regulation 4.7 "for the purposes of soliciting and serving QEP advisory clients" as "large financial institutions with substantial financial assets and advisory experience, or affiliates thereof"). The Commission preliminarily expects that the population of CTAs claiming the exemption in Regulation 4.14(a)(8) would be very similar to those CTAs that claim an exemption under Regulation 4.7 and may include a number of CTAs already claiming the exemption in Regulation 4.14(a)(8) with respect to other qualifying individuals or entities.

B. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 ("PRA")[87] imposes certain requirements on federal agencies, including the Commission, in connection with their conducting or sponsoring any "collection of information," as defined by the PRA. Under the PRA, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number from the Office of Management and Budget ("OMB").[88] The PRA is intended, in part, to minimize the paperwork burden created for individuals, businesses, and other persons as a result of the collection of information by federal agencies, and to ensure the greatest possible benefit and utility of information created, collected, maintained, used, shared, and disseminated by or for the Federal Government.[89] The PRA applies to all information, regardless of form or format, whenever the Federal Government is obtaining, causing to be obtained, or soliciting information, and includes required disclosure to third parties or the public, of facts or opinions, when the information collection calls for answers to identical questions posed to, or identical reporting or recordkeeping requirements imposed on, ten or more persons.[90] For purposes of the PRA, the term "burden" means the "time, effort, or financial resources expended by persons to generate, maintain, or provide information to or for a Federal Agency."[91]

This proposed rulemaking would affect regulations that contain collections of information within the meaning of the PRA.[92] Specifically, the Proposal would affect two collections of information for which the Commission has previously received control numbers from OMB. The first collection of information is OMB Control Number 3038-

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[87] 5 U.S.C. 601, *et seq.*
[88] *See* 44 U.S.C. 3507(a)(3); 5 CFR 1320.5(a)(3).
[89] *See* 44 U.S.C. 3501.
[90] *See* 44 U.S.C. 3502(3).
[91] *See* 44 U.S.C. 3502(2).
[92] To the extent that the Commission does not identify a specific provision, the Commission does not believe that any associated change substantively or materially modifies an existing information collection burden or creates a new one.

0005 ("Collection 3038-0005") (Rules Relating to the Operations and Activities of Commodity Pool Operators and Commodity Trading Advisors and to Monthly Reporting by Futures Commission Merchants), which primarily accounts for the burden associated with the Commission's part 4 regulations that concern compliance generally applicable to CPOs and CTAs, as well as certain exemptions from registration as such and exclusions from those definitions, and available relief from compliance with certain regulatory requirements.[93] The second collection is OMB Control Number 3038-0023 ("Collection 3038-0023") (Registration under the Commodity Exchange Act), which pertains to the registration of intermediaries generally.[94] The Commission believes that the information collection burdens of both of these collections would be reduced if the Proposal were adopted, because of a decrease in the number of CPOs and CTAs required to register with the Commission and, thus, required to comply with applicable Commission regulations. However, in an effort to be conservative, the Commission has preliminarily determined to leave its estimated burdens for these collections unchanged at this time, as the potential amount of the reduction of any such burden is unknown. For example, the Commission does not know what percentage of CPOs will be eligible to rely on the Proposed RIA-QEP Exemption or what CPOs may opt to rely on the Proposed RIA-QEP Exemption but not on Letter 25-50 due to the limitations of no-action positions as compared to Commission regulations. In addition, the reduction in burden from relying on the proposed exemption may be offset to some extent by any burden entailed by compliance with the exemption requirements.

If the Proposal is adopted, responses to the collections of information referenced below related to the Proposal would be optional for those wishing to claim the

[93] For information on the Commission's burden estimates for this collection, *see* ICR Ref. No. 202407-3038-001 (concluded on Nov. 19, 2024).

[94] For information on the Commission's burden estimates for this collection, *see* ICR Ref. No. 202512-3038-002 (concluded on Apr. 16, 2026).

exemptions. The Commission will protect proprietary information it may receive according to FOIA and 17 CFR part 145, "Commission Records and Information." In addition, section 8(a)(1) of the CEA strictly prohibits the Commission, unless specifically authorized by the CEA, from making public "data and information that would separately disclose the business transactions or market positions of any person and trade secrets or names of customers."[95] The Commission also is required to protect certain information contained in a government system of records according to the Privacy Act of 1974.[96]

The Commission invites the public and other Federal agencies to comment on any aspect of the proposed information collection requirements discussed above. The Commission will consider public comments on the proposed collections of information in: (1) evaluating whether the proposed collections of information are necessary for the proper performance of the functions of the Commission, including whether the information will have a practical use; (2) evaluating the accuracy of the estimated burdens of the proposed collections of information, including the degree to which the methodology and the assumptions that the Commission employed were valid; (3) enhancing the quality, utility, and clarity of the information proposed to be collected; and (4) minimizing the burden of the proposed information collection requirements on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological information collection techniques, *e.g.,* permitting electronic submission of responses.

Copies of the submission from the Commission to OMB are available from the CFTC Clearance Officer, 1155 21st Street NW, Washington, DC 20581, 202-418-5714 or from *http://RegInfo.gov*. Organizations and individuals desiring to submit comments on the proposed information collection requirements should send those comments to:

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[95] 7 U.S.C. 12(a)(1).
[96] 5 U.S.C. 552a.

- The Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503, Attn: Desk Officer of the Commodity Futures Trading Commission.

  Submit comments electronically via *www.RegInfo.gov* by searching for the relevant OMB control number to locate the information collection request associated with this rulemaking. Please provide the Commission with a copy of submitted comments so that all comments can be summarized and addressed in the final rulemaking. Please refer to the **ADDRESSES** section of this notice of proposed rulemaking for comment submission instructions to the Commission. OMB is required to make a decision concerning the proposed information collection requirements between 30 and 60 days after publication of this release in the *Federal Register*. Therefore, a comment to OMB is best assured of receiving full consideration if OMB receives it within 30 calendar days of publication of this release. Nothing in the foregoing affects the deadline enumerated above for public comment to the Commission on the proposed rules.

C. Cost-Benefit Considerations

1. Statutory and Regulatory Background

As discussed above, CEA sections 4m and 4n generally require the registration of persons acting as CPOs and CTAs, as well as compliance with a variety of substantive requirements explained in further detail in part 4 of the Commission's regulations. The Commission has further utilized this statutory authority to establish exemptions for persons from CPO and CTA registration under certain circumstances, when the purposes of the CEA and the public interest are not negatively affected.

2. Consideration of the Costs and Benefits of the Proposal

i. Section 15(a) of the CEA

Section 15(a)[97] of the CEA requires the Commission to consider the costs and benefits of its actions before promulgating a regulation under the CEA or issuing certain orders. CEA section 15(a) further specifies that the costs and benefits shall be evaluated in light of five broad areas of market and public concern: (1) protection of market participants and the public; (2) efficiency, competitiveness, and financial integrity of markets; (3) price discovery; (4) sound risk management practices; and (5) other public interest considerations (collectively, the "Section 15(a) Factors").[98] In conducting its analysis, the Commission may, in its discretion, give greater weight to any one of the five enumerated areas of concern and may determine that, notwithstanding its costs, a particular rule is necessary or appropriate to protect the public interest or to effectuate any of the provisions or to accomplish any of the purposes of the Act. The Commission considers the costs and benefits resulting from its discretionary determinations with respect to the Section 15(a) Factors.

ii. Costs and Benefits of the Proposal

The baseline for the Commission's consideration of the costs and benefits of the Proposal is the regulatory status quo, as determined by the CEA and the Commission's existing regulations in 17 CFR part 4, including specifically: (1) the existing CPO registration and compliance framework under the part 4 regulations; and (2) the existing and currently available exemptions under Regulations 4.13 and 4.14, with existing qualifications and financial thresholds (*e.g.*, without the Original QEP Exemption). The Commission recognizes, however, that to the extent that market participants have relied on Letter 25-50, the actual costs and benefits of the proposed rulemaking, as realized in the market, may not be as significant. These circumstances shape the Commission's evaluation of incremental benefits and costs associated with proposing an exemption

[97] 7 U.S.C. 19(a).
[98] *Id*.

from CPO registration with respect to Eligible Pools operated by RIAs and the related conforming adjustments to the other regulatory provisions. In situations where the Commission is unable to quantify the costs and benefits, the Commission identifies and considers the costs and benefits of these proposed rules in qualitative terms.

iii. Benefits

Proposed Regulation 4.13(a)(4) would significantly reduce duplicative, overlapping registration and compliance obligations for qualifying RIA-CPOs and Eligible Pools, which are supervised by the SEC and subject to that agency's investment adviser regulatory regime. For these market participants, the Commission preliminarily believes that separate, additional CPO registration and related compliance requirements in 17 CFR part 4 may provide only a limited incremental benefit to participants, given the pre-existing application of SEC regulations to their advisory and fund activities, as well as the sophistication of participants required to qualify for the exemption in Proposed Regulation 4.13(a)(4). Reducing duplicative regulations applicable to RIAs also engaged in CPO activities by providing this proposed registration exemption would substantially reduce such RIA-CPOs' legal, operational, and administrative costs, while maintaining the core regulatory protections provided by the CEA and Commission regulations for investors most in need of them. In particular, the exemption in Proposed Regulation 4.13(a)(4) would eliminate the need for qualifying RIAs to incur costs associated with applying for and obtaining CPO registration, complying with applicable CFTC reporting requirements, and arising from other related compliance requirements typically applicable to commodity pools.

Moreover, the Commission generally endeavors, wherever possible and when prudent to do so, to codify in its regulations widely relied upon no-action positions created by its operating divisions.[99] These efforts help to level the playing field for market participants by ensuring that staff letters become more durable and universally applicable and available when they are specifically added and memorialized in Commission regulations. Therefore, the Commission preliminarily believes that adding the RIA-QEP Exemption at Proposed Regulation 4.13(a)(4) will establish uniform and transparent standards for RIAs participating in the commodity interest markets and who wish to claim an exemption from CPO registration. By definition, Commission staff letters are limited to the authority of the issuing division or office of the Commission,[100] whereas Commission regulations, once proposed and adopted, are more reliable and less subject to change, in that they are an official Commission action, with the input of public notice and comment under the APA. As a result, the Commission preliminarily believes that Proposed Regulation 4.13(a)(4) would additionally provide a degree of regulatory clarity and certainty to market participants eligible for the RIA-QEP Exemption that may only be provided through the proposal and adoption of Commission regulations.

The Commission further preliminarily believes that, in addition to adding Proposed Regulation 4.13(a)(4), market participants will benefit from the restoration of appropriate cross-references in Regulations 4.13 and 4.14. These proposed amendments are intended to recreate the integrated functionality of the CPO and CTA exemption framework, as it existed prior to the 2012 rescission of the Original QEP Exemption. Specifically, these proposed amendments would incorporate Proposed Regulation 4.13(a)(4) into the existing exemption claim and annual notice system, administered by

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[99] *See, e.g.*, Family Offices and Exempt CPOs Final Rule; 2024 CPO/CTA Final Rule (codifying commonly relied upon quarterly account statement relief for CPOs and pools utilizing Regulation 4.7 exemptions).

[100] *See* 17 CFR 140.99(a)(2). The Commission notes further that the staff letter particularly relevant here, Letter 25-50, was specifically issued by MPD, and continues to be available until the Commission determines to formally adopt regulations superseding it or specifically declines to do so. Letter 25-50, at 7. *See also id.*, at 8 (stating that the no-action positions therein are the decision of MPD only, and not a position or view by any other office or division of the Commission or the Commission itself and are not binding on the Commission).

NFA; clarify the limited compliance obligations applicable to exempt CPOs and their pools once the proposed amendments are adopted and effective; and ensure that RIAs operating Eligible Pools exempt under Proposed Regulation 4.13(a)(4) may again qualify for the corresponding CTA exemption in Regulation 4.14(a)(8). The Commission preliminarily believes that these proposed amendments will enhance predictability for market participants by providing more complete exemptions from applicable CFTC regulations and facilitating more efficient administration of the CPO and CTA exemption regime by both the Commission and NFA. Additionally, the Commission preliminarily expects that RIA-CPOs who qualify for the CTA exemption in Regulation 4.14(a)(8) because of the proposed amendment will experience lower costs, when claiming that exemption, than those typically associated with CTA registration and compliance for advising such pools. Further, the Commission preliminarily believes that, by virtue of claiming Proposed Regulation 4.13(a)(4), eligible RIAs may also be able to reallocate their internal compliance resources currently devoted to CFTC obligations toward other aspects of their operations, like risk management functions and investor-facing activities.

With respect to the Small Pool Exemption, the Commission preliminarily believes that the commodity interest markets and market participants will benefit from the increased gross capital contributions threshold in Proposed Regulation 4.13(a)(2). As discussed in more detail above, the Commission has historically endeavored to ensure that financial thresholds in its regulations maintain their relevancy and intended scope by periodically adjusting them to account for time and economic factors like inflation. Therefore, the Commission preliminarily believes that increasing the gross capital contributions threshold in Regulation 4.13(a)(2) from $400,000 to $800,000 would account for inflation occurring since 2003, effectively aligning the exemption with current economic conditions. By modernizing this threshold in one of the CPO exemptions originally adopted in 1979, the Commission also preliminarily believes that the proposed increase preserves the original purpose and scope of the Small Pool Exemption: to avoid disproportionate regulatory burdens for operators of small pools with a limited financial footprint, which do not substantially benefit the public interest. Persons qualifying for the exemption in Proposed Regulation 4.13(a)(2) would be able to offer commodity pool investment opportunities and experience a lower bar to entry in the commodity interest markets, with little customer protection or regulatory risk, due to other aspects of the Small Pool Exemption remaining unchanged. As with CPOs qualifying for Proposed Regulation 4.13(a)(4), the Commission preliminarily believes that registered CPOs who may instead qualify for and claim the exemption in Proposed Regulation 4.13(a)(2) would benefit from a significant reduction in legal, operational, and administrative costs, by virtue of their being able to deregister with the Commission as CPOs.

iv. Costs

Notwithstanding the expected benefits of being able to deregister as CPOs and CTAs, the Commission recognizes that some costs will arise specifically from the Proposed RIA-QEP Exemption. For instance, the Commission expects that RIAs seeking to claim Proposed Regulation 4.13(a)(4) with respect to Eligible Pools would incur costs associated with: 1) verifying pool participants' sophistication; 2) filing the initial claim of exemption and annually renewing it for each pool and RIA-CPO; and 3) meeting the other requirements in Regulation 4.13, including providing required disclosures and maintaining books and records of the exempt RIA-CPO and exempt pool activities.

The Commission preliminarily expects that RIA-CPOs may experience costs in their efforts to ensure that their pool participants meet the proposed eligibility criteria in Proposed Regulation 4.13(a)(4)(iii). However, it is the Commission's understanding that many RIA-CPOs wishing to claim the exemption in Proposed Regulation 4.13(a)(4) may likely be transitioning from other regulatory statuses that currently already involve some degree of eligibility assessment for their pool participants. For example, RIA-CPOs currently exempt under Regulation 4.13(a)(3) are already experienced in evaluating and limiting their pool participants to qualify for that exemption, and RIA-CPOs who are registered, but offer pools pursuant to Regulation 4.7, also routinely evaluate their participants to determine their status as QEPs. The Commission notes further that the proposed participant eligibility criteria are derived from the Original QEP Exemption, with which many RIA-CPOs have had prior experience and familiarity, until its rescission in 2012. Therefore, with the exception of newly formed RIA-CPOs who have not previously operated commodity pools subject to CFTC jurisdiction, the Commission preliminarily expects that the costs of the proposed participant eligibility requirements in the RIA-QEP Exemption would be mitigated by the substantial likelihood that potential claimants already have experience and existing processes in place to meet that qualification of the proposed exemption. Moreover, the Commission preliminarily believes that the proposed participant requirements in the RIA-QEP Exemption are necessary to ensure the proposed exemption is appropriately tailored and narrowed in scope to financially sophisticated and experienced investors who would receive far fewer benefits from the complete application of the CPO registration and compliance regulations, than other investors more in need of those protections, *i.e.*, persons participating in pools offered to the general or retail public.

The Commission further recognizes that RIA-CPOs would incur costs from complying with the requirement to electronically file a claim for Proposed Regulation 4.13(a)(4), and further, to annually verify that the RIA-CPO and Eligible Pool continue to qualify for the RIA-QEP Exemption. Again, however, given that RIA-CPOs seeking to rely upon Proposed Regulation 4.13(a)(4) may be transitioning from another exemption provided by Regulation 4.13(a)(3), or from registered CPO status operating a Regulation 4.7 pool, the Commission preliminarily expects that such entities would already be experienced and familiar with the online system administered by NFA on the Commission's behalf to receive and maintain exemption claims under Regulation 4.13 and other part 4 regulations, and familiar with what such notices must contain to be effective. Consequently, the Commission preliminarily believes that any costs incurred from the initial and annual notice filings experienced by persons claiming Proposed Regulation 4.13(a)(4) would likely be lessened because of that experience and any existing processes and procedures they may already have in place, and ultimately, would be small. Furthermore, the Commission preliminarily finds that such costs are necessary to integrate Proposed Regulation 4.13(a)(4) into its existing CPO exemption framework and to facilitate the Commission's monitoring of how frequently and by whom the RIA-QEP Exemption is used.

The Proposal would also result in some compliance costs arising from other provisions of Regulation 4.13, including, *e.g.*, paragraphs (a)(7), (c)(1), and (e)(2), though the Commission notes that such costs would be substantially smaller than the costs arising from similar requirements applicable to registered CPOs and their pools. With respect to recordkeeping, the proposed amendments to Regulation 4.13 would require persons claiming the RIA-QEP Exemption, like all other exemptions available in Regulation 4.13, to make and keep books and records with respect to the exempt CPO and its pool activities, to make them available to the Commission (among other agencies), and to submit to special calls by the Commission to demonstrate eligibility for the claimed exemption.[101] Persons seeking to claim the RIA-QEP Exemption would be further required to notify prospective participants of the pool's exempt status and operational features, and in some instances, provide existing participants with a right of redemption at the time the pool converts to exempt status under Regulation 4.13.

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[101] 17 CFR 4.13(c)(1).

The Commission preliminarily expects that, as a result of the requirements outlined above, RIA-CPOs claiming Proposed Regulation 4.13(a)(4) would experience some operational and administrative costs. The Commission preliminarily believes, however, that such costs are necessary to ensure that pools exempt under Proposed Regulation 4.13(a)(4) are treated and overseen in a manner equal to other pools operating pursuant to exemptions in Regulation 4.13. Moreover, such costs would likely be mitigated by potential claimants' experience and familiarity in complying with existing, similar requirements applicable to exempt and registered CPOs.

Additionally, with respect to CPOs relying on Letter 25-50 for certain pools, the Commission preliminarily believes that the requirements of Regulation 4.13(e)(2) should not apply when such pools transition to instead claiming the exemption in Proposed Regulation 4.13(a)(4). The Commission preliminarily believes that this approach would ease this transition to formally exempt status for such RIA-CPOs and their pools, limiting disruption in their on-going operations, and would lessen the costs they experience arising from the generally applicable compliance requirements in Regulation 4.13. Moreover, because these requirements mirror many conditions already present in Letter 25-50, the Commission preliminarily expects these costs of compliance and transition to a Regulation 4.13 exemption to be modest; the Commission recognizes, however, that some additional costs may be incurred as a result of minor variations between Letter 25-50 and the Proposal. With respect to registered CPOs claiming Proposed Regulation 4.13(a)(4) for pools without prior reliance on Letter 25-50, the Commission believes it appropriate for such CPOs and pools to fully comply with the other requirements of 17 CFR 4.13, including 17 CFR 4.13(e)(2). Ultimately, the Commission preliminarily concludes that costs incurred by persons claiming Proposed Regulation 4.13(a)(4) arising from Regulation 4.13's broader compliance requirements are necessary to establish consistent, minimal oversight of all exempt pools and to provide transparency and similar levels of protection to existing pool participants when a pool transitions from regulated to an exempt status.

With respect to another conforming amendment, the proposed amendment to Regulation 4.14(a)(8), the baseline is the existing exemption for investment advisers that currently does not recognize the CPOs of pools exempt under Proposed Regulation 4.13(a)(4) as permitted advisory clients. If the proposed amendment is finalized, investment advisers who qualify and advise, among other clients listed therein, CPOs of pools that would be exempt under Proposed Regulation 4.13(a)(4) would incur costs associated with the notice filing required by this CTA exemption. These investment advisers may already be claiming the CTA exemption in Regulation 4.14(a)(8) with respect to advisory clients currently permitted thereunder, in which case any filing costs arising directly from this Proposal would be further minimized.

Finally, the Commission recognizes that persons seeking to claim Proposed Regulation 4.13(a)(4) would incur legal, operational, and administrative costs arising from the proposed requirement that a person file Form PF with the SEC, to the extent SEC regulations require such a filing with respect to the Eligible Pool. Additionally, in forming a pool qualifying for Proposed Regulation 4.13(a)(4), there may be costs arising from establishing a securities offering exempt under the Securities Act and subject to the proposed marketing limitations. However, because these costs associated with formation and Form PF reporting, as required, arise from existing SEC regulations, the Commission preliminarily believes that these aspects of Proposed Regulation 4.13(a)(4) would not create any additional costs than those that would already be experienced by such persons in forming and operating their private funds.

With respect to the Small Pool Exemption, the baseline is the exemption found at Regulation 4.13(a)(2) with the existing requirements, including the gross capital contributions limitation of $400,000. The Commission expects that CPOs who qualify for the Small Pool Exemption as a result of the proposed increase of that threshold to $800,000 would experience costs arising from the initial and annual notice filings and general compliance requirements found in Regulation 4.13. Given that such CPOs able to qualify for the expanded Small Pool Exemption would be permitted to deregister and become exempt from CPO registration, the Commission expects the costs associated with Regulation 4.13 notices and compliance to be modest in comparison to the costs of full registration and compliance with all CPO regulations in 17 CFR part 4.

Further, because this Proposal will solely provide optional alternatives to registration with the Commission as a CPO or CTA, which alternative no CPO or CTA is required to elect, the Commission believes that this Proposal will not impose any additional costs on such persons. In fact, the Commission believes that it is reasonable to expect that those CPOs and CTAs that elect to rely on the proposed exemptions from registration would generally only do so to the extent that they believe they will save costs in the aggregate by virtue of such reliance.

3. Costs and Benefits of the Commission's Proposal as Compared to Alternatives

The Commission considered several alternatives to the Proposal. First, for analytical completeness, the Commission considered retaining the regulatory status quo and determining not to promulgate regulations establishing a CPO exemption available to RIAs operating pools limited to sophisticated investors, which would have caused Letter 25-50 to expire. However, the Commission preliminarily believes that, when compared to the Proposal, this approach would lead to significant costs to market participants, who would be required to comply with two separate, but simultaneously applicable, regulatory regimes administered by the SEC and the Commission with limited regulatory or public interest benefit. This would result in substantial costs to RIA-CPOs, especially to those who have already filed a claim pursuant to Letter 25-50 and withdrawn from CPO registration in reliance thereon. Additionally, these entities would be precluded from achieving or maintaining significant benefits discussed above arising from the substantial reduction of duplicative and overlapping regulatory regimes governing their investment management activities, and in fact, would experience significant costs related to reapplying for CPO registration and resuming their part 4 compliance with respect to qualifying pools under Letter 25-50 and the Proposal. Finally, this approach would deprive market participants of the regulatory clarity and certainty provided by Proposed Regulation 4.13(a)(4), leaving them to rely upon the no-action positions that are subject to modification or withdrawal by the issuing Commission division and lack the permanence and predictability of a regulatory amendment.

Second, the Commission considered proposing a new exemption based upon substantially different eligibility criteria than the conditions contained in Letter 25-50 by including additional reporting or operational conditions. As compared to the Proposal, establishing different eligibility criteria for this CPO exemption would result in some costs, especially to those market participants who qualify for the no-action positions in Letter 25-50, but would not qualify under a CPO exemption with more or different requirements. Such entities, many of whom have already begun the process of withdrawing from CPO registration after claiming Letter 25-50, may incur significant costs as a result of reapplying for CPO registration and resuming part 4 compliance. The Commission has preliminarily determined that additional restrictions beyond minor adjustments to the conditions of Letter 25-50 would not provide material regulatory or customer protection benefits and would likely significantly limit the utility of the exemption.

With respect to the Small Pool Exemption, the Commission considered leaving the original gross capital contributions threshold in place. As compared to the Proposal, CPOs who would qualify for the increased threshold in Proposed Regulation 4.13(a)(2) would continue to incur costs associated with CPO registration and compliance for their small pools, with limited regulatory benefit to participants, and be prohibited from benefiting from the expanded availability of the Small Pool Exemption. This approach would also limit the overall benefit from the Proposal of modernizing long-standing financial thresholds and maintaining the appropriate scope of the original Small Pool Exemption, in light of changing economic conditions.

Because the Proposal strikes an appropriate balance between substantially reducing costs to market participants through eliminating duplicative and overlapping regulations, and maintaining sufficient oversight and customer protection in the commodity interest markets, while also integrating and updating the CPO exemption regime in Regulation 4.13, the Commission preliminarily believes that the proposed amendments would be the most appropriate approach for market participants and participants in their offered pools.

4. Section 15(a) Factor Analysis

Section 15(a) of the CEA[102] requires the Commission to consider the effects of its actions in light of the following five factors discussed below: (a) the protection of market participants and the public; (b) the efficiency, competitiveness, and financial integrity of futures markets; (c) price discovery considerations; (d) sound risk management practices; and (e) other public interest considerations.

i. Protection of Market Participants and the Public

Section 15(a)(2)(A) of the CEA[103] requires the Commission to evaluate the costs and benefits of a proposed regulation in light of considerations of the protection of market participants and the public. The Commission preliminarily believes that the proposed amendments would generally maintain the efficacy of protections for market

[102] 7 U.S.C. 19(a).
[103] 7 U.S.C. 19(a)(2)(A)

participants and the public provided by the CEA and the Commission's part 4 regulations.

Proposed Regulation 4.13(a)(4) would provide an exemption to CPOs that are RIAs and who offer pools solely to Eligible Participants, *i.e.*, certain QEPs and accredited investors, focusing on reducing regulatory and compliance burden for those CPOs who are subject to comprehensive regulation and oversight by the SEC. The Commission preliminarily believes that it can provide this exemption, while retaining meaningful investor protection safeguards provided by 17 CFR part 4 to the investing public engaging with registered CPOs and CTAs. Importantly, participation in the would-be exempt pools is limited to investors with the financial sophistication, resources, and experience necessary to evaluate complex investment risks, and who the Commission has previously determined are less in need of the substantial protections provided by its part 4 regulations. The Commission preliminarily believes that the Proposal strikes an appropriate regulatory balance, especially in the context of otherwise regulated intermediaries and sophisticated investors, the former of which bear significant costs for CPO registration and compliance in addition to SEC regulatory costs, and the latter who receive incremental or modest benefits as a result of those costs. The Commission preliminarily believes that the Proposed RIA-QEP Exemption efficiently leverages existing oversight of RIAs, which applies investor protection requirements like fiduciary obligations, periodic financial reporting, examinations, and enforcement authority.

The Proposal would also expand the availability of the Small Pool Exemption by increasing its gross capital contributions threshold to account for inflation and current economic conditions. The Commission preliminarily believes it is prudent and appropriate to periodically review its regulations and update them as necessary to ensure that policies like registration exemptions remain fit to their original purpose and scope and continue to function as intended in the commodity interest markets. Overall, the

Proposal if adopted, would allow market participants to experience better targeted, more efficient application of CFTC regulations and requirements to registered intermediaries, by reducing duplicative regulatory regimes and focusing CFTC resources on customer protection and compliance to members of the investing public with fewer resources and less experience, who may be more vulnerable and benefit the most from that protection.

ii. Efficiency, Competitiveness, and Financial Integrity of Futures Markets

Section 15(a)(2)(B) of the CEA requires the Commission to evaluate the costs and benefits of a proposed regulation in light of "efficiency, competitiveness, and financial integrity of futures markets."[104] The Commission preliminarily believes that the Proposal would generally improve efficiency, competitiveness, and financial integrity of futures markets. The Proposal would reduce duplicative and overlapping regulations applicable to intermediaries in these markets, and it is intended to facilitate efficiency and competitiveness by applying the "minimum effective dose" of regulation to these markets and their participants. As a result, the Proposal, if adopted, would reduce regulatory costs for RIA-CPOs qualifying for the RIA-QEP Exemption, and could potentially encourage more qualifying entities to participate in commodity interest markets due to lowering regulatory and compliance costs. Consequently, the markets may experience an increase in participation of RIA-CPOs operating and advising qualifying investment vehicles, and that, in turn, may result in increased liquidity and competition in these markets. As a result of reducing duplicative regulatory regimes and costs and increasing the participation of experienced intermediaries and sophisticated investors, the Commission preliminarily believes that the Proposal will have a positive impact on the efficiency, competitiveness, and financial integrity of futures markets.

[104] 7 U.S.C. 19(a)(2)(B).

iii. Price Discovery

Section 15(a)(2)(C) of the CEA requires the Commission to evaluate the costs and benefits of a proposed regulation in light of price discovery considerations.[105] The Proposal is not expected to have a significant direct effect on price discovery. To the extent that the RIA-QEP Exemption results in greater participation by experienced RIAs and their sophisticated clients, the Proposal may indirectly support more robust market participation, and thus, contribute positively to price formation and discovery processes.

iv. Sound Risk Management Practices

Section 15(a)(2)(D) of the CEA requires the Commission to evaluate the costs and benefits of a proposed regulation in light of sound risk management practices.[106] The Proposal maintains key structural protections by relying on the SEC's risk management framework for RIAs and, where applicable, Form PF reporting to monitor systemic risk. For Eligible Pools, the Proposal does not significantly reduce protections applicable to retail participants, as such pools involve only Eligible Participants. Further, to the extent RIA-CPOs repurpose their resources currently spent on CPO registration and compliance requirements by claiming the Proposed RIA-QEP Exemption, RIA-CPOs may choose to use such resources in further developing sound risk management practices.

v. Other Public Interest Considerations

Section 15(a)(2)(E) of the CEA requires the Commission to evaluate the costs and benefits of a proposed regulation in light of other public interest considerations.[107] Replacing the no-action positions in Letter 25-50 with formally adopted regulations provides transparency, stability, and predictability to market participants. The Proposal also advances long-standing Commission goals of avoiding unnecessary regulatory burdens, harmonizing requirements with other federal regulators, and calibrating

[105] 7 U.S.C. 19(a)(2)(C).
[106] 7 U.S.C. 19(a)(2)(D).
[107] 7 U.S.C. 19(a)(2)(E).

compliance obligations to the sophistication and financial resilience of market participants.

Additionally, the Commission preliminarily believes that, by leveraging the existing SEC oversight of RIAs and private fund-commodity pools eligible for the Proposed RIA-QEP Exemption, the Commission would be better able to direct its limited resources to registered intermediaries, commodity pools, pool participants, and advisory clients in an effective and targeted manner. Specifically, the Commission intends to focus its intermediary regulations on CPOs and CTAs engaging with pool participants and advisory clients more in need of direct intervention and protection, including those persons who are new investors in the commodity interest markets, or who possess fewer resources to assess the risks of an investment opportunity. Further, the Commission preliminarily believes that, by virtue of claiming Proposed Regulation 4.13(a)(4), eligible RIA-CPOs may also be able to reallocate their internal compliance resources currently devoted to CFTC obligations toward other aspects of their operations, like risk management functions and investor-facing activities. With respect to the Small Pool Exemption, the Commission preliminarily believes the public interest is served when it regularly evaluates and updates financial thresholds in its regulations to ensure such thresholds maintain their original intended scope and relevance in the context of current economic conditions.

The Commission requests comment on all aspects of its consideration of the costs and benefits of the Proposal, including any available quantifiable data and analysis.

D. Antitrust Considerations

Section 15(b) of the CEA requires the Commission to take into consideration the public interest to be protected by the antitrust laws and endeavor to take the least anticompetitive means of achieving the purposes of the CEA in issuing any order or adopting any Commission rule or regulation.[108] The Commission believes that the public interest to be protected by the antitrust laws is generally to protect competition. The Commission requests comment on whether the Proposal implicates any other specific public interest to be protected by the antitrust laws.

The Commission has considered the proposed amendments in this Proposal to determine whether they are anticompetitive and has preliminarily identified no anticompetitive effects. The Commission requests comment on whether the Proposal is anticompetitive and, if it is, what the anticompetitive effects are.

Because the Commission has preliminarily determined that the Proposal is not anticompetitive and has no anticompetitive effects, the Commission has not identified any less anticompetitive means of achieving the purposes of the CEA. The Commission requests comment on whether there are less anticompetitive means of achieving the relevant purposes of the CEA that would otherwise be served by adopting the amendments proposed in this Proposal.

E. Executive Orders 12866, 13563, and 14192

Executive Orders 12866 ("E.O. 12866")[109] and 13563[110] direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select those regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; and distributive impacts). Section 3(f) of E.O. 12866 defines a "significant regulatory action" as any regulatory action that is likely to result in a rule that may: (1) have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) create a serious

[108] 7 U.S.C. 19(b).
[109] Executive Order 12866, Regulatory Planning and Review, 58 FR 51735 (Oct. 4, 1993).
[110] Executive Order 13563, Improving Regulation and Regulatory Review, 76 FR 3821 (Jan. 21, 2011).

inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, or the President's priorities.

OMB has determined that this action is not a significant regulatory action as defined in E.O. 12866, as amended, and therefore it was not subject to E.O. 12866 review.

This Proposal, if finalized as proposed, is expected to be a deregulatory action under Executive Order 14192.[111]

List of Subjects in 17 CFR Part 4

Commodity pool operators, Commodity trading advisors, Investment advisers, Reporting and recordkeeping requirements, Securities, Swaps.

For the reasons stated in the preamble, the Commodity Futures Trading Commission proposes to amend 17 CFR part 4, as follows:

PART 4–COMMODITY POOL OPERATORS AND COMMODITY TRADING ADVISORS

1. The authority citation for part 4 shall continue to read as follows:

Authority: 7 U.S.C. 1a, 2, 6(c), 6b, 6c, 6*l*, 6m, 6n, 6*o*, 12a, and 23.

2. Amend § 4.13 by:

a. Revising paragraph (a)(2)(ii);

b. Revising paragraph (a)(4);

c. Revising paragraphs (b)(1)(ii) and (e)(2), to read as follows:

§ 4.13 Exemption from registration as a commodity pool operator.

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(a) ***

[111] *See* Executive Order 14192, Unleashing Prosperity Through Deregulation, 90 FR 9065 (Jan. 31, 2025).

(2) ***

(ii) The total gross capital contributions it receives for units of participation in all of the pools it operates or that it intends to operate do not in the aggregate exceed $800,000.

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(4) With respect to each pool for which the person claims exemption under this paragraph (a)(4):

(i) Interests in the pool are exempt from registration under the Securities Act of 1933, and such interests are offered and sold without marketing to the public in the United States, provided that this prohibition on marketing shall not apply to a pool that is also offered pursuant to § 230.506(c) of this title;

(ii) The person is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940;

(iii) The person reasonably believes, at the time of investment (or, in the case of an existing pool, at the time of conversion to a pool meeting the criteria of paragraph (a)(4) of this section), that:

(A) Each natural person participant (including such person's self-directed employee benefit plan, if any) is a natural person listed in paragraph (i) of the definition of "qualified eligible person" in § 4.7(a)(6) of this part; and

(B) Each non-natural person participant is a "qualified eligible person," as that term is defined in § 4.7(a)(6) of this part, or an "accredited investor," as that term is defined in §§ 230.501(a)(1)-(3), (a)(7), or (a)(8), of this title;

(iv) The person files Form PF, if it is required to do so by Form PF and/or related securities regulations;

(v) Nothing in paragraph (a)(4) of this section will prohibit the person from claiming an exemption under this section, if it additionally operates one or more pools that meet the criteria of paragraph (a)(3) of this section.

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(b) ***

(1)***

(ii) Specify the paragraph number pursuant to which the person is filing the notice (i.e., § 4.13(a)(1), (2), (3), (4) or (5)) and represent that the pool will be operated in accordance with the criteria of that paragraph;

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(e)***

(2) If a person operates one or more commodity pools described in paragraph (a)(3) or (a)(4) of this section, and one or more pools for which it must be, and is, registered as a commodity pool operator, the person is exempt from the requirements applicable to a registered commodity pool operator with respect to the pool or pools described in paragraph (a)(3) or (a)(4) of this section; *Provided*, that the person:

(i) Furnishes in written communication physically delivered or delivered through electronic transmission to each prospective participant in a pool described in paragraph (a)(3) or (a)(4) of this section that it operates:

(A) A statement that it will operate the pool as if the person was exempt from registration as a commodity pool operator;

(B) A description of the criteria pursuant to which it will so operate the pool;

(ii) Complies with paragraph (c) of this section; and

(iii) Provides each existing participant in a pool that the person elects to operate as described in paragraphs (a)(3) or (a)(4) of this section a right to redeem the participant's interest in the pool, and informs each such participant of that right no later than the time the person commences to operate the pool as described in paragraphs (a)(3) or (a)(4) of this section.

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3. Revise § 4.14(a)(8)(i)(D), to read as follows:

§ 4.14 Exemption from registration as a commodity trading advisor.

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(a) ***

(8) ***

(i) ***

(D) A commodity pool operator who has claimed an exemption from registration under § 4.13(a)(3) or 4.13(a)(4), or, if registered as a commodity pool operator, who may treat each pool it operates that meets the criteria of § 4.13(a)(3) or 4.13(a)(4) as if it were not so registered; and

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Issued in Washington, D.C. on August 18, 2026, by the Commission.

Robert Sidman,

Deputy Secretary of the Commission.

NOTE: The following appendix will not appear in the Code of Federal Regulations.

Commodity Pool Operators and Commodity Trading Advisors: Reduction of Duplicative Regulation Through Intermediary Registration Exemptions; Expansion of the Exemption for Small Commodity Pools–Voting Summary

On this matter, Chairman Selig voted in the affirmative. No Commissioner voted in the negative.

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