

## NATIONAL FUTURES ASSOCIATION PROPOSES TO HARMONIZE CPO AND CTA REPORTING REQUIREMENTS

National Futures Association recently submitted to the Commodity Futures Trading Commission proposed amendments to its periodic reporting rule, NFA Rule 2-46.<sup>1</sup> The amendments are intended to harmonize Rule 2-46 with the reporting requirements of the CFTC's and the Securities and Exchange Commission's Form PF and the CFTC's Forms CPO-PQR and CTA-PR.<sup>2</sup>

In 2010, NFA implemented Rule 2-46 in the wake of the Madoff scandal to provide NFA with more current information regarding commodity pools operated by registered CPOs. Rule 2-46 currently requires each registered commodity pool operator (a "Registered CPO") to report performance and other information for each pool with respect to which it has a reporting obligation under CFTC Rule 4.22.<sup>3</sup> The report must be filed within 45 days of the end of each calendar quarter. Commodity trading advisors ("CTAs") are not currently subject to any reporting requirements under Rule 2-46.

### CPO Reporting

Under the proposed amendments, each Registered CPO with assets under management of \$1.5 billion or more may satisfy its Rule 2-46 reporting requirements by filing Form CPO-PQR within 60 days of the end of each calendar quarter (as required by Form CPO-PQR). Each other Registered CPO would be able to satisfy its Rule 2-46 reporting requirements by filing Schedule A of Form CPO-PQR and the pool's schedule of investments on a quarterly basis within 60 days of the end of the first three calendar quarters of the year, and on an annual basis within 90 days of the calendar year-end.<sup>4</sup> Under the proposed amendments, the schedule of investments would have to include information on any investment that exceeds 5% of the pool's net asset value,

<sup>1</sup> [http://www.nfa.futures.org/news/.%5CPDF%5CCFTC%5CCR2-46\\_ReportingRequirements\\_CPOs\\_CTAs\\_0531.pdf](http://www.nfa.futures.org/news/.%5CPDF%5CCFTC%5CCR2-46_ReportingRequirements_CPOs_CTAs_0531.pdf).

<sup>2</sup> For more information regarding Form PF, see our client memoranda entitled "[SEC Adopts Private Fund Reporting Rules and Form PF](#)" and "[SEC and CFTC Adopt Private Fund Reporting Rules: Agencies Adopt New Form PF](#)," dated October 27, 2011 and November 16, 2011, respectively. For more information regarding Forms CPO-PQR and CTA-PR, see our client memorandum dated February 17, 2012, entitled "[CFTC Adopts CPO and CTA Reporting Rules](#)."

<sup>3</sup> Rule 2-46 currently requires a Registered CPO to disclose the following information: (1) the identity of each pool's administrator(s), carrying broker(s), trading manager(s) and custodian(s); (2) a statement of changes in the pool's net asset value for the calendar quarter; (3) a schedule of investments identifying each investment that exceeds 10% of the pool's net asset value as of the end of such quarter; and (4) the pool's monthly performance for the three months comprising the calendar quarter.

<sup>4</sup> A Registered CPO that is also an SEC-registered investment adviser that files Form PF may generally satisfy its Rule 2-46 reporting requirements by filing Schedule A of Form CPO-PQR and a schedule of investments on a quarterly basis within 60 days of the end of each of the first three calendar quarters, and within 90 days of the end of the fourth calendar quarter. It is unclear whether the fourth quarter filing should be completed with respect to the full year or only the fourth quarter.

whereas currently a CPO need only indentify an investment that exceeds 10% of the pool's net asset value.

### **CTA Reporting — A New Requirement**

The proposed amendments would also generally align Rule 2-46 with the CFTC's new reporting requirements for registered CTAs. The information required to be filed will generally consist of Form CTA-PR, plus information relating to brokerage and other relationships, assets under management in each trading program and performance during the quarter for each trading program. The filing would be made with NFA on a quarterly basis within 45 days after the end of each of the first three calendar quarters, and on an annual basis within 45 days of the calendar year-end.

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June 22, 2012

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