

# NFA Rule Relief for CPO and CTA Members

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## AUTHORS

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National Futures Association recently advised the Commodity Futures Trading Commission of its intention to amend two rules applicable to commodity pool operators and commodity trading advisors. NFA Rule 2-46 requires periodic reporting of CPO and CTA business activities on Forms PQR and PR, respectively. Beginning in 2017, pursuant to Interpretive Notice 9071, that rule required PQR and PR filings to include data on the member's financial condition. NFA has determined that the need for such information has been superseded by subsequently adopted rules that more comprehensively address customer protection.<sup>1</sup> As of March 19, 2026, NFA has repealed Interpretive Notice 9071, effective immediately.<sup>2</sup>

NFA's second recent change involves NFA Rule 2-45. Subject to limited exceptions, that rule currently limits loan transactions involving a CPO and its pools. If implemented as proposed, Rule 2-45 will generally permit a CPO to engage in loan activities subject to several substantive conditions, including that the CPO is (or is affiliated with) an investment adviser registered with the Securities and Exchange Commission. We expect this amendment to become effective shortly.

<sup>1</sup> The amendment and related Interpretive Notice can be found [here](#).

<sup>2</sup> See NFA's [Notice to Members to repeal Interpretive Notice 9071](#), dated March 19, 2026.

These rules and related changes are discussed below.

## I. Elimination of Financial Ratios on Forms PQR and PR

Interpretive Notice 9071 to Rule 2-46 required each registered CPO and CTA to report to NFA two financial ratios on a quarterly basis on Forms PQR and PR.<sup>3</sup> The assets/liabilities ratio was intended to measure a member's liquidity. The revenue/expenses ratio was intended to measure a member's operating margin. Forms CPO-PQR and CTA-PR collect general identifying information regarding the CPO or CTA, as well as specific information on the pools operated by the CPO and the assets directed by the CTA. NFA enacted these ratio reporting requirements with the goal of enhancing protection for customer funds; they were designed to help NFA identify firms that may be in financial difficulty.

NFA has now eliminated the requirement for CPOs and CTAs to report these ratios. In its letter to the CFTC, NFA explained that the data has been of limited utility for NFA. NFA also noted that CPO Members are now required to submit other financial information that assists NFA in assessing the financial health of commodity pools in a more tailored fashion. For example, NFA Compliance Rule 2-50 and its related Interpretive Notice require CPO Members to notify NFA when a pool cannot meet a margin call or satisfy redemptions.<sup>4</sup>

## II. Certain Pool Lending Transactions to Be Permitted

NFA has proposed amendments to Compliance Rule 2-45 and its related Interpretive Notice 9062.<sup>5</sup> Rule 2-45 generally restricts the use of commodity pool assets in transactions with affiliated parties with respect to loans between affiliates. The proposal would broaden the availability of certain related-party lending while adding safeguards intended to protect pool participants.

### **Background**

NFA adopted Rule 2-45 in 2009 following several disciplinary actions involving loans or advances of pool assets to CPOs or their affiliates. That Rule prohibits a CPO from permitting a pool to make direct or indirect loans to the CPO or any affiliated person or entity.<sup>6</sup> Over the years, CPO Members have informed NFA about strategies involving loans that would appear to violate Rule 2-45, but that are actually in furtherance of a pool's investment objective.

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<sup>3</sup> For more information, please see our client memoranda entitled [NFA Proposes Reporting of Financial Ratios for CPOs and CTAs](#), dated September 22, 2016, and [Financial Ratios to be Reported on CPO-PQR and CTA-PR](#), dated December 21, 2016. We note that NFA considered introducing a capital requirement, but instead determined to gather financial ratios on Forms PQR and PR.

<sup>4</sup> For more information, please see our client memorandum entitled [NFA Adopts CPO Reporting Requirement for Distress Events: Compliance Rule 2-50 in effect as of June 30, 2021](#), dated July 7, 2021.

<sup>5</sup> The proposed amendment and Interpretive Notice can be found [here](#).

<sup>6</sup> For more information, please see our client memorandum entitled [NFA Adopts New Compliance Rules Governing Registered CPOs and CTAs](#), dated October 7, 2009.

NFA has concluded that many transactions that have been identified were not the type that Rule 2-45 was intended to address when it was adopted.

**Conditions for Employing Loans**

As proposed, a CPO could engage in lending of pool assets to related or affiliated entities provided that the following requirements are met.

1. The CPO is registered with the SEC as an investment adviser (or is affiliated with an SEC-registered adviser);<sup>7</sup>
2. The CPO and affiliates collectively manage at least \$1.5 billion;
3. The CPO documents that:
  - a. the loan benefits pool participants;
  - b. the borrower is financially able to repay; and
  - c. the terms are commercially reasonable and fair.
4. The CPO must also:
  - a. monitor compliance with the above conditions throughout the life of the loan;
  - b. take appropriate corrective action upon any default or breach; and
  - c. maintain records for the duration of the loan plus five years.

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<sup>7</sup> That this relief is qualified on a member being an SEC registered investment adviser is consistent with certain other recent CFTC regulatory relief attempting to reduce duplicative regulation. See [CFTC Staff No-Action Letter 25-50](#); See also our client memorandum entitled [CFTC Permits Registered Investment Advisers to Avoid Registration](#), dated December 29, 2025.

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If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

**Willkie has a dedicated team of attorneys with extensive knowledge and experience in all aspects of the Commodity Exchange Act and the CFTC regulatory regime. We would be pleased to assist on your matters.**

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