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CFTC Proposes to Streamline Regulations for Commodity Pool Operators and Commodity Trading Advisors

Washington, DC — The Commodity Futures Trading Commission (CFTC) unanimously approved proposed rules as a part of CFTC's KISS Initiative to simplify regulations for commodity pool operators (CPOs) and commodity trading advisors (CTAs).

"I'm pleased my fellow Commissioners supported today's proposal, which I hope is the first of a series of long overdue simplifications to Part 4 regulations," said CFTC Chairman J. Christopher Giancarlo. "These proposed amendments are common sense changes that cut the regulatory mandates on CPOs and CTAs, while simultaneously promoting consumer confidence in the market. We look forward to working with the public to ensure these rules are adopted and implemented in an effective and transparent method."

The proposed rules would simplify the regulatory obligations for CPOs and CTAs by codifying long-standing staff advisories and no-action letter relief in the Part 4 regulations. These rules would enhance consumer protection, as well as boost confidence in the commodity markets, by banning individuals who are legally disqualified to operate investment pools from doing so. Additionally, the CFTC proposes streamlining registration requirements for CPOs that operate in multiple jurisdictions. The proposal is consistent with the CFTC's Project KISS initiative, which requested public input on simplifying and modernizing the agency's regulations to make them less burdensome and costly, while maintaining their regulatory benefits.

Also, under the proposal, investment advisers of business development companies would be treated under the same terms as investment advisers for registered investment companies. The proposed changes would also help advance the CFTC's ongoing effort to harmonize rules with comparable regulators by channeling Securities and Exchange Commission (SEC) regulations in providing registration relief to CPOs and CTAs whose clients are limited to a single family, and in aligning Part 4 regulations with amendments adopted by the SEC pursuant to the JOBS Act of 2012.

These proposals advance the CFTC's goal of providing appropriately tailored regulation to a dynamic and innovative industry.