



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Swap Dealer and
Intermediary Oversight

Joshua B. Sterling
Director

Re: No-Action Positions for Commodity Pool Operators in Response to the COVID-19 Pandemic

Ladies and Gentlemen:

This letter is in response to a request received by the Division of Swap Dealer and Intermediary Oversight (“**DSIO**”) of the Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) from multiple market participants regarding regulatory obligations of persons that are registered with the Commission as commodity pool operators (“**CPOs**”). Each CPO is referred to herein as a “registrant.”

The World Health Organization declared the coronavirus disease 2019 (“**COVID-19**”) outbreak a global pandemic on March 11, 2020. DSIO understands from registrants and their representatives that the COVID-19 pandemic may present challenges in timely meeting certain of their obligations under the Commodity Exchange Act (“**CEA**”) and Commission regulations. These registrants may have significant operations in affected areas or areas that may become affected by the COVID-19 pandemic. Disruptions in transportation and limited access to facilities and support staff as a result of the COVID-19 pandemic could hamper efforts of registrants to meet their regulatory obligations. In light of these developments, DSIO is issuing this letter to assist affected registrants with responding to the COVID-19 pandemic by providing temporary relief from certain obligations under the CEA and Commission regulations.

In connection with an industry-wide response to the COVID-19 pandemic, no-action relief has been requested for failure to comply with certain Commission regulations where compliance is anticipated to be particularly challenging or impossible because of displacement of registrant personnel from their normal business sites due to community non-pharmaceutical interventions such as social distancing and closures in response to the COVID-19 pandemic.

I. DSIO No-Action Positions

In order to support an orderly response to the COVID-19 pandemic, DSIO believes that the no-action positions set forth herein are warranted. Registrants relying on the relief

provided by this letter are expected to establish and maintain a supervisory system that is reasonably designed to supervise the activities of personnel while acting from an alternative or remote location during the COVID-19 pandemic.¹ DSIO further expects that as COVID-19-related risks decrease, registrants will return to compliance with all regulatory obligations from which relief has been provided.

DSIO will not recommend that the Commission take an enforcement action against any CPO for the failure to comply with the following Commission regulations, subject to the applicable conditions stated below:

- (1) ***Filing of Form CPO-PQR under Commission regulation 4.27.*** Any requirement that a Small or Mid-Sized CPO file an annual report on Form CPO-PQR pursuant to Commission regulation 4.27, provided that such filing is made by **May 15, 2020**; or any requirement that a Large CPO file a quarterly report on Form CPO-PQR for Q1 2020 pursuant to Commission Regulation 4.27, provided that such filing is made by **July 15, 2020**.
- (2) ***Pool Annual Reports under Commission Regulations 4.7(b)(3) and 4.22(c).*** Any requirement that a CPO with a pool annual report due on or before April 30, 2020 file such report pursuant to Commission regulations 4.7(b)(3) or 4.22(c), provided that the annual certified financial statements for its operated commodity pools are filed with the National Futures Association and distributed to pool participants no later than **45 days** after the due date for such report. This relief does not foreclose a CPO from requesting an additional extension of time not to exceed a total of 180 days from the end of the pool's fiscal year consistent with Commission regulation 4.22(f).
- (3) ***Pool Periodic Account Statements under Commission Regulations 4.7(b)(2) or 4.22(b).*** Any requirement that a CPO distribute periodic account statements to pool participants on either a monthly or quarterly basis under Commission regulations 4.7(b)(2) or 4.22(b)(3) provided that such statements are distributed to participants within **45 days** of the end of the reporting period for all reporting periods ending on or before April 30, 2020.

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¹ DSIO notes that the National Futures Association (“NFA”) has issued a notice to its members (“Members”) regarding the applicability of “branch office requirements” to Members responding to the COVID-19 pandemic. Pursuant to the notice, NFA has stated that it will not pursue a disciplinary action against a Member that permits associated persons (“APs”) to temporarily work from locations not listed as a branch office and without a branch manager provided that the Member implements and documents alternative supervisory methods to adequately supervise the APs' activities and meet its recordkeeping requirements. See NFA Notice I-20-12 Coronavirus Update—NFA Branch Office Requirements, available at: <https://www.nfa.futures.org/news/newsNotice.asp?ArticleID=5214>.

II. Conclusion

DSIO recognizes that registrants and other affected market participants may require additional or different relief in their efforts to comply with the requirements of the CEA and Commission regulations. As a result, any registrants that require other relief are encouraged to contact DSIO staff. DSIO staff will address issues on a case-by-case basis in light of the requesting registrant's particular fact and circumstances.

This letter and the positions taken herein represent the views of DSIO only, and do not necessarily represent the position or view of the Commission or of any other office or division of the Commission. The relief issued by this letter does not excuse persons relying on it from compliance with any other applicable requirements contained in the CEA or in Commission regulations. Further, this letter and the positions taken herein are based upon the facts and circumstances presented to DSIO. Any different, changed, or omitted material facts or circumstances might render the relief provided by this letter void.

Finally, as with all staff letters, the DSIO retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of relief provided herein, in its discretion.

If you have any questions concerning this correspondence, please contact Amanda Olear, Deputy Director, DSIO, at aolear@cftc.gov.

Very truly yours,

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Director
Division of Swap Dealer and Intermediary Oversight

cc: Regina Thoele, Compliance
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