

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Submitted via portal: <https://comments.cftc.gov>

11 June 2020

Dear Mr. Kirkpatrick,

AIMA's response to proposed amendments to compliance requirements for commodity pool operators on Form CPO-PQR [RIN 3038-AE98]

The Alternative Investment Management Association Limited (AIMA)¹ appreciates the opportunity to submit its comments to the Commodity Futures Trading Commission's (CFTC) proposed rule and form changes contained in the notice of proposed rulemaking entitled "Amendments to Compliance Requirements for Commodity Pool Operators on Form CPO-PQR" (the 'Proposing Release').²

AIMA's global membership includes many domestic and non-U.S. commodity pool operators ('CPOs') registered with the CFTC who are also members of the National Futures Association (NFA) and so are subject to the Form CPO-PQR and Form PQR reporting requirements. More often than not, these CPOs are also registered investment advisers and subject to the Securities and Exchange Commission's filing requirements on Form PF with respect to their commodity pools that are private funds as a consequence. Many of these CPOs are also subject to similar reporting requirements in one or more other countries as well.

¹ AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with more than 1,900 corporate members in over 60 countries. AIMA's fund manager members collectively manage more than \$2 trillion in assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. AIMA works to raise media and public awareness of the value of the industry. AIMA set up the Alternative Credit Council (ACC) to help firms focused in the private credit and direct lending space. The ACC currently represents over 170 members that manage \$400 billion of private credit assets globally. AIMA is committed to developing skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA's website, www.aima.org.

² 85 FR 26378 (4 May 2020).



Many CPOs have spent time and money developing internal systems to assist with these multiple and (inexactly) overlapping reporting requirements. As a consequence, proposed changes to reporting requirements are often viewed with a high degree of initial scepticism. There is generally a strong preference for there not to be incremental and non-transformative change due to the additional cost of adjusting systems. This is heightened by members' general perception of systemic risk reporting consuming substantial resources while producing limited tangible benefit to regulators or the marketplace.

Our members appreciate the effort evident in the Proposing Release to try to find better ways to use data and to reduce overlapping reporting burdens wherever possible. The proposed reduction of the scope of the Form CPO-PQR in favour of making better use of data obtained through other reporting obligations is welcome. However, we would encourage the CFTC and NFA to consider taking this idea to its logical conclusion and allowing dual registered CPOs to simply supply the Form PF filing to the NFA in satisfaction of the reporting obligations under CFTC Regulation 4.27 and NFA Compliance Rule 2-46 with respect to the commodity pools included in the Form PF, leaving a residual Form PQR filing obligation solely with respect to relevant commodity pools that are not included in the Form PF. Indeed, many CPOs today file Form PF on a voluntary basis for commodity pools that do not even trade securities, thus satisfying the requirements of the current Schedules B and C of Form CPO-PQR by filing Form PF. They do this in order to align operational processes for the funds they manage, thus enabling a scalable process in running their business.

We would be happy to elaborate further on any of the points raised in this letter. For further information please contact Jennifer Wood at +44 (0) 20 7822 8380 or jwood@aima.org.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Jiří Król", is written over a light blue circular watermark.

Jiří Król
Deputy CEO, Global Head of Government Affairs
AIMA

Cc: The Honorable Chairman Heath P. Tarbert
The Honorable Commissioner Brian D. Quintenz
The Honorable Commissioner Rostin Behnam
The Honorable Commissioner Dawn DeBerry Stump
The Honorable Commissioner Dan M. Berkovitz
Joshua B. Sterling, Director
Amanda Olear, Acting Deputy Director, Registration and Compliance
Division of Swap Dealer and Intermediary Oversight
Commodity Futures Trading Commission
Regina G. Thoele, Senior Vice President, Compliance, National Futures Association

ANNEX

Responses to questions from Proposing Release

In addition to the points raised above, we have responded below to the individual questions asked in the Proposing Release. *Questions on which we had no comments have been omitted, but the order and numbering of the remaining questions has been retained for clarity.*

Scope of Proposed Revised Form CPO-PQR

1. CPOs that are jointly regulated by the Commission and the SEC are required to file Form PF with respect to private funds; many commodity pools are private funds within the meaning of Form PF. One of the Commission's initial rationales for adopting Form CPO-PQR was to encourage more congruent and consistent regulation of similarly situated entities among Federal financial regulatory agencies, particularly with respect to dually registered CPOs required to file Form PF. If Revised Form CPO-PQR is adopted as proposed, Form PF and Form CPO-PQR would become less aligned, meaning that dually registered CPOs would have reporting obligations that are noticeably different from those CPOs only subject to the Commission's jurisdiction. Would such a relative lack of regulatory congruence negatively impact CPOs? Should the Commission instead rescind Form CPO-PQR in its entirety and require all CPOs to file all or part of Form PF with NFA? Why or why not?

There is no need for Form PF to be filed in all cases. However, the CFTC and NFA should permit CPOs who are required to file Form PF for other reasons to submit that form to NFA in satisfaction of the reporting requirements under CFTC Regulation 4.27 and NFA Compliance Rule 2-46 with respect to their commodity pools that are reported on Form PF. This would reduce the reporting burden while still assuring NFA has the necessary information from a supervisory perspective.

2. Many dually registered CPOs currently include commodity pools that are not private funds in data that they report on Form PF, in lieu of a filing on Form CPO-PQR for such pools, pursuant to Regulation 4.27(d). If the amendments proposed herein are adopted as final, these CPOs could decide to stop including these pools in their Form PF filing. For CPOs in this category, if Form CPO-PQR is amended as proposed, would you cease reporting data for these pools on Form PF? Why or why not?

To the extent that the inclusion of such non-private fund pools on Form PF can be treated as satisfaction of separate Form CPO-PQR and Form PQR filing obligations and, those pools have been included in the Form PF previously, CPOs are likely to continue to include them rather than incurring the costs associated with a separate filing obligation. Those CPOs who have not been including such pools in the Form PF are not likely to add them for the same reason. If, on the other hand, the Form PF will not satisfy the NFA Form PQR obligation (and by extension the CFTC Form CPO-PQR obligation), then it is likely that non-private fund commodity pools will no longer be included in Form PF to reduce the filing burden as far as possible.

4. Are there any specific questions that the Commission has proposed to rescind that it should consider retaining? Why?

No. The CFTC should also consider whether the information in Schedules A and B could be reduced further.