

Corporate & Financial Weekly Digest

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[NFA Petitions CFTC for Amendments to CFTC Rule 4.5](#)

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National Futures Association (NFA) has submitted a petition for rulemaking to the Commodity Futures Trading Commission that would reinstate certain limitations on the marketing and trading activities of investment vehicles operated pursuant to CFTC Rule 4.5 (Rule 4.5 Entities), which the CFTC had removed from the rule in 2003. Rule 4.5 excludes from the definition of a “commodity pool operator” certain otherwise regulated persons and entities, including registered investment companies. NFA’s proposal would require that a Rule 4.5 Entity (1) not be marketed as a method for obtaining exposure to commodity futures or options, and (2) limit its commodity futures and options positions (other than positions held for bona fide hedging purposes) to no more than 5% of the liquidation value of the portfolio. In its petition, NFA cites its concerns regarding the recent establishment of several registered investment companies that are marketed to retail investors and engage in significant futures trading, but which are not subject to the registration and disclosure requirements set out in the CFTC’s Part 4 Rules due to the exclusion set out in Rule 4.5.

The NFA petition is available [here](#).

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