

CLIENT ALERT

CFTC Proposes to Simplify Reporting on Form CPO-PQR

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AUTHORS

Rita M. Molesworth | Deborah A. Tuchman | Lisa Eskenazi | James E. Lippert
Steven C. Matos

The Commodity Futures Trading Commission has proposed to amend Form CPO-PQR for the first time since it was adopted.¹ Form CPO-PQR is filed by registered commodity pool operators that are subject to a reporting requirement under CFTC rules, and collects information regarding a CPO's business and the commodity pools it operates. The amendments are designed to simplify periodic reporting requirements for these CPOs. By eliminating certain schedules and requested information, as well as removing the additional and more frequent reporting requirements for "large" CPOs, the CFTC seeks to streamline its data collection regime for CPOs. The proposal is intended to focus the form on data the CFTC has found most useful over the years. The CFTC also indicated that Form CPO-PQR is ripe for revision because the CFTC is able to leverage data obtained on CPOs from other sources, including from swap data repositories.

Comments on the proposal are due on or before Monday, June 15, 2020.

Key Features of the Proposal

The proposed changes to Form CPO-PQR would largely eliminate questions requesting information that is already available to the CFTC through other means, including many of the pool-specific items on the current form. The CFTC

¹ Amendments to Compliance Requirements for Commodity Pool Operators on Form CPO-PQR, 85 Fed. Reg. 26378 (proposed May 4, 2020), available [here](#).

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observed that given the timing of the Form CPO-PQR filings, much of the information is stale, and may well have changed, by the time it gets reported.²

1. Most of Schedule A would be retained. Schedule A consists of basic identifying information about the CPO, each of its pools and certain service providers, as well as changes in each pool's net asset value ("NAV") and rates of return during the reporting period.
2. Information requested on Schedule B would no longer be required, other than the schedule of investments. The schedule of investments would be moved to Schedule A. Schedule C, which is currently filed only by certain "large" CPOs, also would be eliminated. Thus, Form CPO-PQR would be reduced to one schedule, the content and filing frequency of which would be the same for all CPOs regardless of their assets under management.
3. The Proposal would eliminate all questions regarding a pool's auditors and marketers as well as certain questions regarding services provided by pool administrators.
4. Questions regarding pool and pool participant high-water marks would be eliminated.
5. New to CPO-PQR would be a request for the "legal entity identifier" (LEI) of the CPO and each of its commodity pools. The Proposal makes clear that a CPO or pool LEI must be submitted only by those CPOs that are otherwise required to have them. The CFTC noted that the proposed request for LEIs would enable the CFTC to leverage other more frequent data sets regarding the swaps market in particular.

Schedule of Investments Threshold

Among other questions asked by the CFTC in the proposal is whether the CFTC should consider further amending the schedule of investments to align it with the simpler schedule that appeared in the National Futures Association's original (2010) Form PQR.³ The original Form PQR contained fewer investment categories. In addition, the original Form PQR required CPOs to identify any position that exceeded 10% of a pool's net asset value. In adopting Form CPO-PQR, the CFTC set that threshold at 5%.⁴

² For example, among the items that may have changed between the reporting date and the filing date include: counterparty credit exposure, liquidity and concentration of positions, financing, investor composition, and centrally cleared versus OTC positions.

³ Client Memorandum, NFA Adopts New Compliance Rules Governing Registered Commodity Pool Operators (Oct. 7, 2009), available [here](#).

⁴ Client Memorandum, National Futures Association Proposes to Harmonize CPO and CTA Reporting Requirements (June 22, 2012), available [here](#).

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NFA Form PQR

The CFTC noted that it anticipated NFA to revise its NFA-specific Form PQR to accommodate the CFTC's proposed changes. Assuming NFA implements such changes, CFTC and NFA reporting requirements will be satisfied by a single filing.

Interplay with Form PF

The Proposal would eliminate the current provision in Rule 4.27(d) that permits a CPO that is also a registered investment adviser to list its investment vehicles that are not "private funds" (e.g., pure commodity pools) on Form PF in lieu of including such vehicles on its Form CPO-PQR.

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

Rita M. Molesworth

212 728 8727

rmolesworth@willkie.com

Deborah A. Tuchman

212 728 8491

dtuchman@willkie.com

Lisa Eskenazi

212 728 3349

leskenazi@willkie.com

James E. Lippert

212 728 8945

lippert@willkie.com

Steven C. Matos

212 728 8757

smatos@willkie.com

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