

October 9, 2020

CFTC Provides Welcome Relief by Streamlining Form CPO-PQR

On October 6, 2020 the CFTC approved a [final rule](#) amending the reporting requirements for registered commodity pool operators (“CPOs”) on Form CPO-PQR (the “Final Rule”). The Final Rule simplifies and streamlines the CPO reporting process while continuing to obtain necessary data. After seven years of experience with Form CPO-PQR, the CFTC found that it was unable to use much of the information required, and that some information it needed was available from other sources.

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As discussed in more detail in our prior release ([here](#)), the Final Rule aligns the substantive and filing requirements of CFTC Form CPO-PQR with the NFA’s version of Form PQR,¹ which registered CPOs also currently file. Once the Final Rule is effective, all CPOs will be able to file a single version of Form PQR. In addition, the Final Rule eliminates the reporting threshold concept so that all registered CPOs will file on a quarterly basis (as is already required by the NFA).

Revised Form CPO-PQR has been abbreviated and now contains only Schedule A. There is a new requirement for each CPO to list its legal entity identifier (“LEI”) and that of each pool it manages (to the extent each is required to have an LEI), and questions about auditors and marketers have been removed. A schedule of investments (formerly question 6 in Schedule B) has been included in Schedule A. Schedule B and Schedule C, which are lengthy, detailed and complex, have been eliminated. Moreover, within the next 18 to 24 months, the CFTC will reevaluate whether to continue to require the schedule of investments as it takes steps to better synthesize data and develop a more holistic surveillance program.

By including LEIs in Form CPO-PQR, the CFTC will be able to aggregate and review data collected from Form CPO-PQR with data collected from other information-reporting streams. Although the CFTC declined to require all CPOs and the pools they manage to obtain an LEI, this decision will also be reviewed within the next 18 to 24 months.

The CFTC declined to adopt a substituted compliance approach with respect to Form PQR for CPOs operating registered investment companies. The CFTC, in its 2013 rulemaking, allowed CPOs of registered investment companies to substitute compliance with certain SEC rules for compliance with certain CFTC regulatory requirements.

The Final Rule also eliminates the provision of Rule 4.27(d), which had allowed a CPO that is also a registered investment adviser (“RIA”) to list its investment vehicles that are not private funds on Form PF instead of on CFTC Form CPO-PQR. This change is consistent with the NFA’s approach, as it does not accept Form PF in lieu of its Form PQR. CPOs that are dually registered as RIAs may be subject to an enforcement action by the CFTC, as well as the Securities and Exchange Commission (“SEC”), for any false or misleading statement of material fact in Sections 1 and 2 of Form PF, which are joint sections of the SEC and the CFTC.

The Final Rule will be effective thirty days from its publication in the Federal Register, and will apply to filings for the first quarter of 2021, which are due May 30, 2021. CFTC staff will update its Frequently Asked Questions on Form PQR guidance, which was issued in 2015, as soon as practicable.

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Please contact [Deborah A. Monson](#), [Jeremy A. Liabo](#), [Lindsey Jones](#) or the Ropes & Gray attorney who usually advises you with any questions you may have or if you would like additional information.

¹ As a technical matter, NFA must first amend the version available through its website, which it is expected to do.