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CFTC Provides Registration Relief to Private Fund Industry

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The Market Participants Division of the Commodity Futures Trading Commission (**CFTC**) on December 19, 2025 issued CFTC Letter No. 25-50 (the **Letter**) providing that it will not recommend enforcement action against an investment adviser registered with the Securities and Exchange Commission (**SEC**) that operates a commodity pool offered solely to investors who are "qualified eligible persons" (**QEPs**)[1] where such investment adviser either does not register or withdraws its registration with the CFTC as a commodity pool operator (**CPO**).

The Letter essentially reinstates the exemption from CPO registration which was formerly codified in CFTC Rule 4.13(a)(4), which was rescinded in 2012.

We anticipate that the Letter will be helpful to SEC-registered private funds managers that were required to register with the CFTC and become members of the National Futures Association after the recission of CFTC Rule 4.13(a)(4) in 2012 because their investment activities do not conform to the de minimis limitations under CFTC Rule 4.13(a)(3).

The CPO registration relief provided in the Letter is applied on a pool-by-pool basis and is available where:

1. the CPO is an investment adviser registered with the SEC;[2]
2. the interests in the commodity pool are exempt from registration with the SEC and are not offered to the general public in the United States;
3. the interests in the commodity pool are only offered to investors the CPO reasonably believes are QEPs;
4. the CPO files a Form PF with the SEC with respect to the commodity pool; and
5. the CPO files a notice of exemption from registration via email to mpdnoaction@cftc.gov

With another component accommodative to the industry, the Letter provides that any CPO choosing to deregister in reliance on the Letter would not be subject to CFTC Rule 4.13(e), which generally requires that a CPO withdrawing its CFTC registration offer commodity pool investors a right to fully redeem at the time of deregistration.

The full Letter is available here. If you have any questions about this article, please contact Joe Mannon at jmannon@vedderprice.com, Jeff VonDruska at jvondruska@vedderprice.com, Todd Lurie at tlurie@vedderprice.com, Matt Keehn at mkeehn@vedderprice.com or any other Vedder Price attorney with whom you have worked.

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[1] The standard for a QEP is set forth in detail in 17 CFR 4.7(a)(6) and generally includes "qualified purchasers" (as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940).
[2] Because registration with the SEC as an investment adviser is a requirement, private fund investment advisers that operate as exempt reporting advisers would not qualify for the registration relief.

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