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Effects of CFTC Regulations on Investment Advisers Who Purchase Commodity Funds For Their Clients

WHAT HAPPENED?	In February 2012, the U.S. Commodities Futures Trading Commission (“CFTC”) amended its rules to require commodity pool operator (CPO) registration by investment advisers of registered investment companies, commonly known as mutual funds, that trade in securities regulated by the CFTC (futures, forex swaps, etc.). Unless they are able to rely on an available exemption, the investment adviser will need to register by the end of the year.
IMPORTANT SIDE EFFECT	Advisers who purchase mutual funds in client accounts need to be aware that if the funds they choose are deemed commodity pools as a consequence of this rule change, they will now face registration requirements as a Commodity Trading Advisor. If you feel this may possibly apply to you, please call Fairview to discuss.