CFTC Re-Issues & Expands Relief from CFTC Letter No. 25-50

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On Feb. 26, 2026, the Market Participants Division ("MPD") of the Commodity Futures Trading Commission ("CFTC") amended and restated CFTC No-Action Letter No. 25-50 ("Letter No. 25-50") with new CFTC No-Action Letter No. 26-06 ("Letter No. 26-06"), to confirm a CPO that de-registers based on this no-action relief may continue to serve as the CPO (the "Designated CPO") and perform certain registered CPO responsibilities for funds and other commodity pools, despite the Designated CPO no longer being a CFTC-registered CPO.

Key Takeaways:

- Letter No. 25-50 provided, in relevant part, that certain existing commodity pool operators ("CPO") could de-register their CPO status and operate as an operator exempt from CPO registration, so long as certain requirements were satisfied (called a "QEP No-Action CPO"). See our Client Alert on Letter No. 25-50 HERE.
- CFTC No-Action Letter No. 14-126 ("Letter 14-126") facilitates an ability for the operator of a commodity pool that is required to register as a CPO to delegate certain of their CPO regulatory responsibilities to a Designated CPO. This relief was subject to a number of requirements or "Criteria," one of which was that the Designated CPO be registered with the CFTC as a CPO.
- Letter No. 26-06 supplements Letter No. 14-126 by providing that the Designated CPO can continue to perform the delegated CPO responsibilities so long as the Designated CPO is either (i) registered with the CFTC as a CPO or (ii) a QEP No-Action CPO.

Analysis:

Letter No. 14-126 established a framework which facilitated the ability for a group of funds or other commodity pools (each, a "Delegating CPO") to centralize certain CPO regulatory requirements and responsibilities into a single entity, the Designated CPO. This was allowed, despite the Designated CPO not being the actual operator of such commodity pool.

This delegation structure is commonly utilized in fund formations where general partners, managing members, directors, or other control persons of a commodity pool may technically meet the definition of a CPO but wish to delegate operational CPO responsibilities to the primary manager. Under Letter No. 14-126, a Delegating CPO is not required to register as a CPO provided that: (i) the Designated CPO is registered with the CFTC as a CPO; (ii) the Designated CPO is identified as such on the pool's disclosure documents and Form CPO-PQR filings; (iii) the Delegating CPO acts only in its capacity as a general partner, managing member, director, or similar role with respect to the pool; and (iv) the Delegating CPO does not participate in solicitation activities for the pool.

Now, 11 years later, the CFTC issued Letter No. 25-50 permitting certain CPOs to withdraw their registration. While great news to many, it was problematic if the withdrawing CPO was also a Designated CPO. “Problematic” because the withdrawal of CPO registration could result in a Delegating CPO no longer being eligible for registration relief – i.e., absent other exemptions/relief, the Delegating CPO would now need to register.

Letter No. 26-06 addresses this problem by extending Letter No. 14-126’s relief to situations where the Designated CPO is not registered but is a QEP No-Action CPO satisfying the requirements of Letter No. 25-50.

Next Steps:

Managers currently utilizing CPO delegation structures should carefully evaluate whether their arrangements qualify for relief under Letter No. 26-06 before the Designated CPO withdraws its registration in reliance on Letter No. 25-50. Particular attention should be paid to ensuring that all conditions of both Letter No. 14-126 and Letter No. 26-06 are satisfied, including proper documentation and notice filings. Fund governing documents and disclosure materials should also be reviewed to confirm they provide sufficient flexibility to accommodate the change in the Designated CPO’s registration status.

The Investment Management Group of Haynes Boone will continue to provide updates on the regulatory landscape that impacts investment managers, investment funds, and broker-dealers.

Read Letter No. 26-06 HERE.

Read Letter No. 14-126 HERE.

Read Letter No. 25-50 HERE.

Read our Client Alert on Letter No. 25-50 HERE.