

SchulteRoth&Zabel

Private Funds Regulatory

UPDATE

CFTC Conditions Rule 4.13 Eligibility on Absence of Statutory Disqualifications

July 2020

On June 4, 2020, the CFTC amended Rule 4.13, which contains a fund-level registration exemption that is frequently claimed by private fund managers, to require a manager seeking to claim a Rule 4.13 exemption to represent that neither it nor any of its principals is subject to a statutory disqualification listed in Section 8a(2) of the Commodity Exchange Act (with only limited exceptions). Private fund managers should consider confirming that their internal diligence processes encompass these CEA statutory disqualifications, which might not be in the scope of the representations that they currently solicit from key employees or within the scope of the background checks currently performed.

This article appeared in the July 2020 edition of SRZ's Private Funds Regulatory Update. To read the full Update, [click here](#).

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