

**REQUEST FOR PUBLIC COMMENT REGARDING THE PROJECT GROUP'S
PROPOSED AMENDMENT TO ADD CROSS REFERENCE SHEET STANDARDS FOR
NASAA GUIDELINES FOR REGISTRATION OF COMMODITY POOL PROGRAMS.**

To: NASAA Members

From: NASAA Direct Participation Programs Policy Project Group

Date: September 21, 2011

The NASAA Board of Directors has authorized release for public comment the following amendment to add cross reference sheets in the NASAA Guidelines for the Registration of Commodity Pool Programs. This is to aid the examiner and applicant for registration in complying with the NASAA Guidelines. The proposed cross reference sheets do not add or detract from existing Guideline provisions. Paraphrased terms for the cross reference sheets are not intended to interpret Guideline provisions or offer less compliance to the applicant. The public comment period will last for 30 days from the date of release listed above.

Most Statements of Policy define the term "Cross Reference Sheet," require it to be filed and offer the format of a cross reference. The NASAA Commodity Pool Program Guidelines define the term but do not offer the format of a cross reference sheet and require it to be filed. Applicants often file cross-reference sheets voluntarily to expedite the review process. First time applicants that are unfamiliar with the examination of the offerings by NASAA jurisdictions may not have knowledge of the requirement to file a cross reference sheet or the format to use with the application. The proposal will assist issuers that may be filing applications for registration. The proposal will provide the Administrator with the authority to require the cross-reference sheet.

Comments on the proposed amendments in this proposal are invited. To facilitate consideration of comments, please send comments to each Project Group members and the NASAA Legal Department. An addressee roster is set forth below. We encourage, but do not require comments to be submitted by e-mail. We also welcome any general comments on cross reference sheets and the need to file them.

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A) Add new section VII.D. to the Commodity Pool Guidelines - ‘Cross Reference Sheet General Instructions’ and a new section ‘Commodity Pool Guidelines Cross Reference Sheet’ for a sample cross reference sheet – NASAA Guidelines for the Registration of Commodity Pool Programs

Add a new VII.D. Cross Reference Sheet.

D. Cross Reference Sheet General Instructions.

1. The CROSS REFERENCE SHEET, as required by the Administrator in section I.A.4. of these guidelines, shall be included with the application for registration.
2. Sections which are not applicable should be noted as such and explained.
3. Provisions which vary from the Guidelines must be explained by footnote. Footnotes should be numbered sequentially in the column designated Footnotes and should be presented on a rider or presented as endnotes.
4. The last page of the Cross Reference Sheet should be signed by the person executing the Form U-1 or other registration application.

Add Commodity Pool Guidelines Cross Reference Sheet.

COMMODITY POOL GUIDELINES POLICY CROSS REFERENCE SHEET

Name of Applicant _____

<u>Guideline Section</u>	<u>Section Number Program Agreement</u>	<u>Page Number Prospectus</u>	<u>Endnote</u>
I.B. Definitions			
1. Administrator	_____	_____	_____
2. Advisor	_____	_____	_____
3. Affiliate	_____	_____	_____
4. Capital Contributions	_____	_____	_____
5. Commodity Broker	_____	_____	_____
6. Commodity Contract	_____	_____	_____
7. Cross Reference Sheet	_____	_____	_____
8. Net Assets	_____	_____	_____
9. Net Asset Value per Program Interest	_____	_____	_____
10. Net Worth	_____	_____	_____
11. New Trading Profits	_____	_____	_____
12. Organizational & Offering Expenses	_____	_____	_____
13. Participant	_____	_____	_____
14. Person	_____	_____	_____
15. Pit Brokerage Fee	_____	_____	_____

<u>Guideline Section</u>	<u>Section Number</u> <u>Program Agreement</u>	<u>Page Number</u> <u>Prospectus</u>	<u>Endnote</u>
16. Program			
17. Program Broker			
18. Program Interest			
19. Pyramiding			
20. Sponsor			
21. Valuation Date			
22. Valuation Period			
II. Requirements of Sponsor			
A. Experience			
B. Financial Condition-Net Worth 5% of Capital Contributions, \$1,000,000 limit			
C. Investment in the Program-1% of Capital Contributions			
D. Reports			
E. Tax Ruling or Opinion			
F. 1. Liability & Indemnification if:			
(a) course of conduct in best interest of Program			
(b) on behalf of or services for program			
(c) not negligence or misconduct			
(d) not from Participants			
2. Securities Law Violations if:			
(a) successful adjudication, or			
(b) dismissed with prejudice by court, or			
(c) court approved settlement, and			
(d) court advised of SEC and states position on indemnification			
3. Cost of liability			

<u>Guideline Section</u>	<u>Section Number</u> <u>Program Agreement</u>	<u>Page Number</u> <u>Prospectus</u>	<u>Endnote</u>
insurance			
4. Advancement of funds for legal expenses			
G. Removal or Withdrawal of General Partner(s)			
H. Proper Registration			
III. Suitability of Participant			
B. Income & Net Worth Standards			
C. Determination that Sale to Participant is Suitable & Appropriate			
D. Subscription Agreements			
E. Completion of Sale			
F. Minimum Investment			
IV. Fees, Compensation & Expenses			
A. Organizational & Offering Expenses			
B. Expenses of the Program			
C. 1. Compensation-Net Asset Fee			
2. Incentive Fees			
3. Brokerage Commissions			
a. Round turn commission			
b. Brokerage rate as a % of Net Assets			
c. Best Price & Services Available			
4. Other Income-(a) Interest Income to Program except:			
(1) Deferred O&O			
(2) 20% to Program Broker			
V. Rights & Obligations of Participants			
A. Meetings			
B. Voting Rights			
C. Material Changes			
D. Access to Program			

Guideline Section

Section Number
Program Agreement

Page Number
Prospectus

Endnote

Records			
E. Annual & Periodic Reports			
F. Transferability of Program Interests			
G. Participant Liability			
H. Assessments			

VI. Disclosure & Marketing

A. Minimum Program Capital			
C. Contents of Prospectus			
2. Conflicts of Interest & Transactions with Affiliates			
(d) Prohibitions			
(e) Loans			
3. Notification			
4. Financial Information			

VII. Miscellaneous Provisions

A. Fiduciary Duty			
B. Redemptions			
C. Special Redemption			

Additional or Supplemental Cross References:

Name: _____

Title: _____

Signature _____

Reasons to make these changes and conclusion.

The commodity pool guidelines do not offer a sample cross reference sheet and also fails to include a requirement that the cross reference sheet requires a filing. State administrators have seen an increase in the number of new sponsor filings. A first time applicant may be unaware of the need to prepare and file a cross reference sheet. This may delay an offering from an initial review. The proposal will provide a sample cross reference sheet, require it to be filed upon the request of the Administrator and provide instructions. There are no new substantive changes to the Guidelines.

We encourage you to review the accompanying memorandum and submit your comments to the members of the project group.