

MEDIA MENTIONS

Schulte partner Dan Hunter quoted in *FundFire*

September 26, 2024

Schulte Roth & Zabel partner Dan Hunter recently shared his insights with *FundFire* for their article, “CFTC Hikes Financial Bar for Hedge Fund, Commodity Investors,” which delves into the CFTC’s monetary threshold increase for its definition of sophisticated investors in commodity pools, such as hedge funds and commodity futures.

In response to inflation, the criteria for investors, referred to as “qualified eligible persons,” will be adjusted. Previously, these individuals were defined as having at least \$2 million in investible assets or a \$200,000 deposit with a CFTC merchant to qualify. Under the new threshold, they must possess at least \$4 million in investible assets or maintain a \$400,000 deposit.

While the new threshold will likely not affect operators of private pooled investment vehicles that are limited to qualified purchasers, small- and mid-sized commodity pools and smaller hedge funds primarily trading in futures may face some challenges in meeting the new requirements. “They will need to analyze the net worth test of their investor base,” Dan explained. “Smaller managers running less money, they will need to go back and revise their documents to conduct this higher test. It’s sort of a sliver of the marketplace who didn’t want the financial test increased.”

The new threshold will take effect six months after the change is published in the Federal Register.

To learn more, read the article. (subscription required)

Related People



**Daniel
Hunter**

Partner
New York

Practices

INVESTMENT MANAGEMENT