

LIMITED FUTURES EXAMINATION—REGULATIONS

SERIES 32

The following is a general listing of the major subject areas covered by the examination and does not represent an exhaustive list of the actual test questions.

A. General

1. NFA/CFTC registrations
 - Floor broker (FB)
 - Floor Trader (FT)
 - Associated person (AP)
 - Commodity pool operator (CPO)
 - Commodity trading advisor (CTA)
 - Introducing broker (IB)
 - Futures commission merchant (FCM)
 - Exemptions from registration
2. Futures account opening requirements
 - Know Your Customer (NFA Compliance Rule 2-30)
 - Verbatim risk disclosure statement
 - Commodity customer agreement
 - Written authorization
 - Account supervision and review
 - AP minimum experience requirement
3. Position reporting requirements
 - Set by CFTC or exchanges
 - Daily reports
 - Applicable to both speculators and hedgers
4. Speculative position limits
 - Maximum net long or short position specified by CFTC or exchanges
 - Bona fide hedgers' exemption

B. FCM/IB Regulations

1. Guaranteed and independent IBs
 - Responsibilities of guarantor FCM
 - Rules for acceptance of customer funds
2. Net capital requirements
3. Financial reports
4. Collection of margin deposits
5. Customer complaints
 - Options-related complaints
 - Adjustments to accounts
6. Time-stamping requirements
7. Promotional Material (NFA Compliance Rule 2-29)
8. Disclosure by FCMs and IBs required for costs associated with futures transactions

C. CPO/CTA

1. Disclosure documents
 - Upfront fees
 - Performance records
 - Disclosure statements
 - Trading program
 - Business backgrounds of principals
 - Conflicts of interest
2. Records to be maintained
3. Promotional Material (NFA Compliance Rule 2-29)

D. Arbitration Procedures

E. NFA Disciplinary Procedures

1. Written complaints
2. Warning letters
3. Hearings
 - Offers to settle
 - Appeal process
4. Member responsibility actions (MRA)
5. Penalties for violators
 - Fine
 - Cease and desist order
 - Expulsion