Diverse Markets Dynamic Regulation

NFA

2014 ANNUAL REVIEW

CONTENT

NATIONAL FUTURES ASSOCIATION®

A LETTER
FROM NFA'S CEO & CHAIRMAN

Dear National Futures Association Members,

Over the past few years, a number of forces have reshaped NFA. Our oversight responsibilities increased with the addition of swap dealer (SD) and major swap participant (MSP) Members, and further expanded with an influx of commodity pool operator (CPO) Members that brought with them a significant increase in the amount of funds under management. The volume and scope of our Market Regulation services also grew with swap execution facilities (SEF) outsourcing their surveillance activities to NFA. Finally, we enacted a number of customer protection initiatives to further improve the measures in place to safeguard customer funds.

As we approach the end of 2014, the phrase "this is where the rubber meets the road" comes to mind. After years of meticulous preparation and detailed planning, we are now implementing our swaps regulatory programs. Our focus has shifted from the registration of SDs and MSPs to now monitoring these Members for regulatory compliance. We also completed construction and testing of our SEF surveillance systems so that when trading began, we were ready to go.

After gathering information about the complex operations and risks associated with the influx of large CPOs, our staff used this knowledge to enhance NFA's exam modules in order to perform examinations of these new Members. We also completed the segregated funds daily confirmation system, which started with customer funds held at banks, and now processes daily confirmations from all other depositories including clearing futures commission merchants (FCM) and clearinghouses.

Given these significant changes, it's not surprising that NFA has increased its staff and budget. NFA's Board continues to carefully monitor how we fund our diverse range of regulatory programs to ensure each area of responsibility covers its costs. And, as a result of strong futures trading volume and our attention to delivering cost-effective programs, the Board approved a 50 percent decrease in the assessment fee from $.02 to $.01 per side, resulting in savings of approximately $20 million annually for market participants. Obviously, this is very good news for the futures industry and adds meaning to the saying that "every penny counts."

When making resource allocation decisions, cyber security is at the top of our priority list. NFA currently employs an extensive framework to protect our computer systems and Member data from potential security threats on a number of levels. Beyond this, NFA staff, in tandem with the Board, are always looking to further enhance our data security measures, and will make the necessary investments in hardware, software and personnel to maintain robust security programs. For example, this year we've taken steps to better protect our data through encryption and other security controls.

Similarly, we're also focused on keeping our critical systems up to date. As such, we're currently in the beginning phase of rebuilding NFA's Online Registration System (ORS) to meet both higher technical standards and better address users' needs through improved design and other functional enhancements. A survey soliciting Member feedback on the ORS user experience will be distributed prior to the redesign. We encourage Members to complete the survey or contact NFA staff with any thoughts on how to improve our system.

While we've been preparing for many of the challenges described above for years, it wasn't until this past year that we began to execute our carefully developed plans. We firmly believe that the preparation and implementation associated with any of these forces would have posed great challenges for any organization, and are proud of how NFA enthusiastically embraced this additional work. We see it as a major accomplishment that, over a short period of time, NFA nearly doubled its staff, developed numerous technology-based regulatory tools and successfully met all of our deadlines, all while reducing the assessment fee by 50 percent.

As we look to the future, we believe that our responses to these forces have made us a better regulator, and put us in a strong position to face the challenges that will arise for many years to come. NFA is financially very strong, our people are well trained in the area of fraud detection, we are rapidly updating our technologies and your Board is fully engaged.

All the best for the new year!

Daniel J. Roth
President and CEO

Christopher K. Hehmeyer
Chairman of the Board

Swaps *regulation*

Of all of the forces that have reshaped NFA over the past few years, perhaps the one that has had the most significant effect on the organization is the creation of the OTC Derivatives (Swaps) department to oversee an entirely new category of NFA Members. Since its inception in mid-2011, the department has grown considerably—in both responsibilities, staffing and overall prominence within the organization.

The mission of the OTC Derivatives regulatory program is to provide swap dealers (SD) and major swap participants (MSP) with expert self-regulation. Achieving this mission involves building the right human and intellectual capital, as well as enhancing NFA's oversight programs and technological infrastructure to meet the needs of swaps-related compliance.

4s Submission Reviews

As with most other Commodity Futures Trading Commission (CFTC) registration functions, the CFTC delegated to NFA the responsibility for processing SD and MSP registration applications. To obtain and maintain provisional registration status, SDs and MSPs are required to file with NFA detailed policies and procedures demonstrating compliance with the Section 4s requirements. During the past year, NFA's Swaps department has focused on completing a substantive review of more than 8,000 4s submissions, which totaled more than 250,000 pages of material.

SD and MSP Oversight Programs Commence

The CFTC also required all registered SDs and MSPs to become NFA Members, thereby requiring NFA to monitor them for compliance with CFTC regulations and NFA rules. While most of NFA's efforts to date have largely centered on the review of the 4s submissions, NFA has begun putting in place the infrastructure necessary to monitor the activities of SDs and MSPs. In order to develop the most effective oversight program, NFA staff have sought the valuable insight and expertise of NFA's advisory committees, the CFTC and other regulators, and will continue to do so going forward. The regulatory program for SDs and MSPs will be comprised of two critical components that complement one another: the onsite examination program and the continuous monitoring of SDs and MSPs.

Examinations

In order to create the SD and MSP examination process, NFA staff developed an exam methodology and scheduling plan. Swaps staff also received extensive training completed exam modules and delivered a Member webinar to describe the SD examination process in which about 400 people participated.

Given the size and complexity of most SDs and the breadth and specificity of the 4s requirements, a risk-based approach will be utilized for SD and MSP exams. Onsite exams typically will center on particular groupings of regulatory obligations. In late summer 2014, NFA began conducting exams that focused on the operations of the chief compliance officer (CCO) for each firm. This initial focus on the CCO is important because it helps NFA to gauge a firm's overall culture of compliance.

Continuous Monitoring and Risk Analysis

NFA's continuous monitoring and risk analysis of SD and MSP activities has allowed NFA to keep abreast of significant developments at these firms, and has been essential to NFA's risk-based approach to exams. The risk management group works to identify material changes in a firm's activities and evaluate factors affecting firms' risk profiles, which will continue to allow staff to prioritize areas for regular or targeted reviews, plan examinations and monitor SD and MSP risk.

Increasing Staff

To further develop and implement NFA's swaps regulatory program, the OTC Derivatives department continued to fill out its ranks in both the New York and Chicago offices, growing from a group of about 30 people at the beginning of the fiscal year to over 70 people at its close. While the initial hiring focus was on senior leadership, it shifted this year to staff with a range of experience in the financial services, regulatory compliance, swaps, internal audit and legal fields. These staff members have been instrumental in the review of 4s submissions and the development of a robust oversight and monitoring program. As part of this spate of hiring, the Swaps group also is building out its risk management group to include additional employees with risk management expertise and strong quantitative and statistical analysis skills.

Governance

Similar to the growth in headcount, NFA's Board of Directors also has expanded in the past year. The Board ratified a proposal in August 2012 to amend NFA's Articles of Incorporation to integrate SD and MSP Members into NFA's governance structure. The amended Articles increased the Board's size by adding seven swap participants—four of which were elected in May 2013, while the latter three were elected in February 2014.

Market Regulation
swap execution facilities

The Dodd-Frank Wall Street Reform Act created a new type of trading venue for standardized swaps—swap execution facilities (SEF)—each of which has self-regulatory responsibilities to monitor trading on its platform. The Commodity Futures Trading Commission's (CFTC) SEF rules allowed these entities to contract with NFA for regulatory services. Sixteen of the 22 SEFs temporarily registered with the CFTC have contracted with NFA to perform surveillance activities on their behalf.

CFTC Finalizes SEF Rules and SEFs Launch

The CFTC published its final SEF rules on June 4, 2013. For SEFs that chose to utilize NFA's regulatory services, the CFTC required an executed regulatory services agreement (RSA) with NFA to be included with their application. The CFTC granted temporary registration to each SEF that executed an RSA with NFA prior to Oct. 2, 2013, thereby allowing them to operate as a SEF on the launch date. When the SEFs began trading, NFA's surveillance system was up and running.

NFA had to prepare on multiple fronts prior to the launch of SEF trading in October 2013. The SEF surveillance programs were carefully constructed through a collaborative process. Staff first held internal meetings to identify the data elements NFA needed from each SEF in order to perform its surveillance function. Staff then met with industry participants and CFTC staff to refine NFA's original data set, resulting in a detailed, 100-page document of data specifications agreed to by the SEFs and the CFTC. The CFTC has largely adopted NFA's data requirements as the industry standard.

Once the data elements were settled, NFA constructed a system that would receive and analyze the data daily on a T-plus-1 basis. NFA staff then performed extensive testing to assure that each SEF could provide NFA with the necessary data in a timely manner.

Overall, NFA's automated surveillance system has a robust array of capabilities, including the ability to detect and flag specific trade execution patterns and anomalies, which are then investigated by staff. The system maintains all data reflecting the details of each order entered into the trading platform, as well as all data reflecting executed transactions.

To meet the demands of these enhanced responsibilities and assist with this considerable amount of work, the Market Regulation department recruited additional staff with backgrounds in compliance and trading. These new staff members were integral to the development of the market surveillance systems, and currently analyze trading patterns and exceptions noted by the system each day.

Finally, during the past year, NFA staff has facilitated the formation of a group consisting of the chief compliance officers (CCO) of all SEFs. This group discusses common regulatory and rule development issues relating to SEFs. On a number of occasions, CFTC representatives also have attended these meetings. NFA will continue to organize these CCO meetings to discuss various compliance-related issues that affect all SEFs. ■

Influx of CPO *members*

When the calendar turned to 2013, more changed for NFA than just the year. Since late 2012, NFA's commodity pool operator (CPO) membership has increased by approximately 600 firms—or 50 percent—due to the CFTC's rescission of certain widely held exemptions, and Congress' inclusion of swaps within the definition of commodity interest.

Since that time, the number of NFA CPO Members has swelled to about 1,700 firms. This dramatic increase in membership also substantially increased the number of pools operated by NFA Members—rising from about 1,900 pools in recent years to more than 5,000 pools. The amount of net asset value for these pools also jumped from approximately $420 billion to more than $2 trillion.

These numbers have significant implications for NFA. In addition to increasing staff to handle the larger workload, the influx also has caused NFA to re-evaluate how it monitors CPOs for risk and conducts examinations.

Enforcement Actions

Strict enforcement of NFA rules is critical

to the effectiveness of the self-regulatory process. During the past fiscal year, NFA's Executive Committee issued four member responsibility actions (MRA)/associate responsibility actions. These types of actions are taken when NFA perceives an imminent threat to customers or markets. MRAs typically result in a suspension of membership privileges, the freezing of customer and firm accounts, prohibition of accepting additional customer funds and restriction of trading except for specific purposes (such as liquidation of open positions) under close supervision.

NFA's Business Conduct Committee issued 35 Complaints against 73 respondents in the past fiscal year. NFA's disciplinary panels issued 37 Decisions, ordered 26 expulsions and 21 suspensions. NFA collected a total of $2.35 million in fines.

Of the Complaints issued in the past year, a handful dealt with prohibited loans by commodity pools to pool operators or their affiliated entities, and also with Members' inadequate internal controls, which is an area of increased scrutiny by NFA. Another Complaint involved serious improprieties regarding the allocation of split fills of bunched orders.

In concert with NFA's other collaborative efforts with regulatory bodies, NFA continued its longtime participation in regular meetings of the U.S. Department of Justice's Securities and Commodities Fraud Working Group and local enforcement liaison meetings with the U.S. Attorney's Office, Federal Bureau of Investigations, U.S. Postal Inspector's Office and the Illinois Department of Securities. In the past year alone, NFA's work with these agencies has resulted in five criminal prosecutions with significant prison sentences and penalties. ■

With respect to risk management, NFA's system reviews all of the data in its possession for all NFA Members and identifies combinations of data elements that may raise concerns about a Member firm. As part of its review process of new CPO Members, NFA added or modified the risk factors for large pools in its risk management system to appropriately measure risk. These risk factors are regularly modified based on NFA's ongoing experience.

In regard to examinations, NFA refined its programs to place a greater emphasis on internal controls, financial trends, personnel qualification and a firm's governance and compliance culture. NFA staff will continue to work closely with NFA's Compliance and Risk Committee to identify and implement further enhancements to both its examination programs and risk management system to address the complexities of these large CPOs.

Board Composition

To ensure that larger CPOs and CTAs are adequately represented on NFA's Board, NFA's Articles of Incorporation were amended to increase the number of CPO/CTA representatives from four to five, and to require that at least three CPO/CTA representatives rank within the top 20 percent—one of which must rank within the top 5 percent of CPOs or CTAs reporting funds under management allocated to futures and swaps.

Examination and Surveillance Programs

The vast majority of NFA's new CPO Members operate commodity pools with complex operations and significant assets. Given the increase in number of these types of CPOs, NFA performed an analysis of its exam and surveillance programs to determine the changes necessary to monitor the risks posed by these firms. In order to perform this analysis, NFA staff conducted onsite visits and examinations at several of its largest CPOs to learn more about the firms' activities. The review found that to effectively monitor these firms' activities, NFA needed to make refinements to both NFA's CPO examinations and the risk monitoring system.

CPO and CTA Educational Efforts

For several years, NFA has collected certain information from CPO Members that it incorporates into its risk management system. This system is a critical regulatory tool used to schedule examinations and identify firms that warrant additional monitoring. Subsequent to the development of NFA's CPO reporting obligations, the CFTC also established additional CPO reporting. Therefore, NFA amended its rules to attempt to avoid duplicate filings of similar information.

Throughout the year, NFA received lots of questions and feedback from CPO Members regarding the difficulties faced with completing the information forms correctly and completely. In response to this feedback, NFA has made a number of changes and enhanced the help text to simplify the information requests and reduce the time required to complete the forms. NFA will continue to work with the CFTC to develop and issue guidance that will better assist Members in fulfilling their regulatory responsibilities.

In order to better assess the risks associated with CTA Members, NFA also began collecting information regarding a CTA's managed account programs during the past year to integrate into the risk management system. To help CTA Members better understand these new reporting obligations, NFA hosted a webinar in October 2013. During the 60-minute webinar, NFA staff provided an in-depth discussion and walkthrough of the filing process for CTAs. (To learn more about NFA's 2014 educational efforts, see "Member Education" on p. 15.) ■

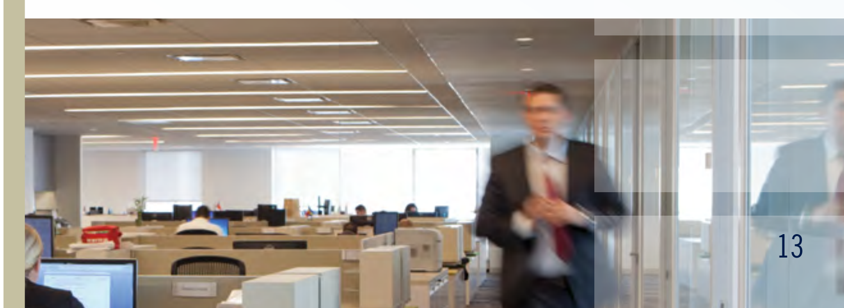
Registration Screening/ Information Center/ Restitution

NFA thoroughly screens all firms and individuals wishing to register with the Commodity Futures Trading Commission and become NFA Members. Applicants must meet stringent fitness requirements and most must pass comprehensive proficiency testing requirements. In Fiscal Year 2014, NFA's Registration department processed more than 850 firm registrations and approximately 14,500 individual registrations.

In many instances, fingerprint card results, answers to a disciplinary history question on the application or regulatory information obtained during NFA's background checks precipitates the opening of a fitness investigation case. NFA's Fitness Group opened nearly 2,500 cases in the past year.

Many registrants have questions during the application process and turn to NFA's Information Center for answers. Each business day, the Information Center answers hundreds of calls from NFA Members and the investing public. They guide registrants through the registration process, help investors conduct background checks on futures or forex firms and clarify compliance rules for NFA Members. During the past fiscal year, the Information Center received close to 40,000 calls.

Additionally, NFA's restitution program disbursed approximately $1.8 million to more than 200 harmed investors in Fiscal Year 2014. Restitution typically applies to judgments awarded in cases brought by the CFTC involving commodity fraud. As part of the resolution of the case, NFA is named to administer the restitution process. Over the life of the restitution program, NFA has distributed more than $31 million to over 10,000 harmed investors. Because NFA does not charge any fees for administering this restitution service, it is able to return as much money as possible to fraud victims. ■



Customer *protection*

NFA is always looking for opportunities to strengthen customer protection and improve its regulatory practices. In the past fiscal year, NFA enhanced its risk management system, extended the scope of its electronic daily confirmation system and developed a rule to ban the use of credit cards by retail forex customers.

Enhancing NFA's Risk Management System

A regulator's ability to identify firms that fail to comply with its rules is largely dependent upon its capacity to collect and assess information from numerous sources. Several years ago, NFA put into place its risk management system, which is designed to assess risks at Member firms, identify trends among NFA Members and assign examination priorities. The vast majority of NFA's exams each year are scheduled due to information generated by NFA's risk management system and the analysis by NFA staff who are solely dedicated to identifying those firms that pose the most risk.

Member Education

Throughout each year, NFA goes to great lengths to ensure that its Members are kept up-to-date on all relevant regulations, guidance and compliance obligations. This includes interacting with Members in a variety of media and forums.

In the past year, NFA staff members made appearances at many industry events and conferences across the country. They frequently were speakers on panels and also answered questions and assisted Members with their regulatory needs. Key staff, especially in the OTC Derivatives and Compliance departments, also took to the road to personally meet with Members at their offices. These meetings were intended to gain more insights into Member firms' operations, risk management and internal controls, and to ensure Members understand their compliance obligations.

Beyond these personal interactions, NFA also made updates to many of its regulatory publications, which address topics such as how to prepare for an NFA exam, promotional material, disclosure documents and forex transactions. These guides are viewed or downloaded from NFA's website about 2,000 times per month.

Additionally, NFA also engaged Members via a variety of digital channels. Last October, NFA presented a webinar entitled, "Quarterly Reporting Requirements for Commodity Trading Advisors" designed to help commodity trading adviser (CTA) Members understand their new quarterly reporting requirements. Additionally, in June 2014, NFA held an audio conference for its swap dealer (SD) and major swap participant (MSP) Members in which NFA senior staff discussed its approach for SD and MSP examinations with about 400 participants.

To assist with the education of new commodity pool operator (CPO) and CTA Members, NFA created a pair of tutorial videos. The first video summarizes the new pool quarterly report filing requirements for CPOs and discusses common deficiencies seen in filings. The second tutorial offers a step-by-step guide on where to find the electronic exemptions system on NFA's website, as well as instructions on how to navigate the system. NFA also updated a number of older video tutorials intended to assist SD and MSP Members with the registration process. ■

The system uses both quantitative and qualitative methods to determine what firms may pose the greatest risk. The system gathers data from disparate sources, including Member examinations, financial statements, disclosure documents, quarterly report filings, and investigation and disciplinary history, among others. NFA measures well over 100 risk factors each day. These risk factors are regularly modified based on NFA's ongoing experience, and the points assigned to each firm play a major role in determining NFA's examination priorities.

The risk management system also returns risk alerts, which are data points or combinations of data points that are deemed of such high importance that they require immediate attention. In the past year, risk alerts have led to a number of disciplinary cases. Going forward, NFA's Risk Management Group has further enhancements to the risk management system planned, including adding more robust statistical analysis and business intelligence tools, and employing new risk measurement methods.

Extending the Scope of NFA's Daily Electronic Confirmation Process

Over the past several years, NFA has adopted a number of initiatives to make better use of technology to safeguard customer funds. In December 2012, NFA and CME Group unveiled the first phase of a new system to directly confirm on a daily basis all customer segregated funds balances with banks and other depositories. This segregation confirmation system performs an automated comparison of the information received directly from the depository with the daily segregation reports filed by FCMs, and generates immediate alerts for any material discrepancies. The first phase included the daily confirmation of all customer funds on deposit with banks. The second phase expanded the surveillance system to include daily confirmations from clearing firms. NFA recently finished the final phase, which incorporated the confirmation of customer segregated funds held by clearinghouses.

Retail Forex Credit Card Ban

To further protect retail forex customers, in June 2014, NFA's Board of Directors agreed to ban the use of credit cards to fund retail forex accounts. The prohibition is based on an extensive study by NFA of forex dealer members' (FDM) business practices. NFA looked at more than 15,000 retail forex accounts and noted that an overwhelming amount of these accounts were funded by small retail customers using a credit card or borrowed funds, and that the majority of these accounts were unprofitable.

Over the last decade, NFA has made significant strides in its regulation of the retail forex markets. From the increase in capital requirements to mandating content requirements so that all customers can receive comprehensive and accurate account information, this prohibition is another important step toward fulfilling NFA's mission to protect customers. ■

The Role of the CRC

Over the past couple of years, NFA's Compliance and Risk Committee (CRC) has not only taken on a new name, but greater responsibilities as well. The rebranded committee shifted its focus to place a greater emphasis on issues that may pose compliance and financial risks to investors and NFA's Member firms.

"The challenge for the Compliance and Risk Committee is to look forward: to anticipate market forces, economic factors and structural changes that pose a substantial risk to customer assets, market integrity or confidence in regulation," says CRC Chairwoman Maureen Downs.

And it has done just that. In the past year, the CRC worked on a number of forward-looking initiatives. It collaborated with NFA's Compliance staff on enacting greater protections for forex customers, leading to a rule proposal to ban the use of credit cards to fund retail forex and futures accounts. The CRC has provided valuable input into how NFA assesses its Member firms' risk, including assisting with the enhancements to the organization's risk management system in the wake of the influx of new commodity pool operator Members. It also has played an important role in the ongoing planning and development of the OTC Derivatives department's new risk management group and risk system.

Organizational *efficiencies*

NFA is constantly looking to enhance the ways in which it operates. Not only does the organization believe in robust assessments of all of its internal business processes to ensure efficiency, but it takes that same tack in how it works with fellow regulatory agencies, its Members and the industry as a whole.

Dealing with Regulatory Overlap

One of the areas of concern in developing NFA's swaps regulatory oversight program is the possible regulatory redundancy created by the Dodd-Frank Wall Street Reform Act. The majority of NFA Member swap dealers (SD) are subject to at least two regulatory schemes. The question facing these multiple regulators is how to deal with regulatory overlap.

NFA has devoted a great deal of time and effort in the past year to devising a strategy to enhance its coordination with other regulators and avoiding this regulatory overlap. While not a new issue for NFA, it's one that has risen to the fore with the additional responsibilities placed on NFA due to its role in the oversight of SDs and major swap participants. NFA recognizes that this will be an ongoing process as it continues to create a swaps regulatory program that is both efficient and effective.

Cyber Security

Given that cyber threats continue to evolve both in intensity and complexity, NFA continues to be proactive in protecting its data, networks and operations from theft, destruction and disruption. Since its inception, data security has been a topic that NFA has taken extremely seriously. NFA staff, in tandem with its Board of Directors, are constantly looking at ways to further enhance the organization's already robust data security measures.

NFA employs an extensive framework to protect its computer systems and Member data from potential security threats on a number of levels. As the extent of these threats has continued to grow over the years, the organization has made significant investments in hardware, software and personnel to construct an effective information systems security program.

NFA's comprehensive information systems security program leverages industry standards and best practices to protect its systems, detect potential threats and provide for timely responses and recovery. Because NFA maintains Commodity Futures Trading Commission data, NFA has to meet the requirements of the Federal Information Security Management Act of 2002 (FISMA). To do so, NFA has adopted a security framework specified by the National Institute of Standards and Technology (NIST). While many other organizations' published guidelines are general in nature and application, NIST outlines nearly 200 specific security controls that are designed expressly to meet FISMA requirements.

To manage this security framework, NFA has dedicated staff members whose jobs are entirely devoted to upholding data security. These security specialists have obtained accredited security certifications and regularly attend external trainings to keep pace with cyber security issues.

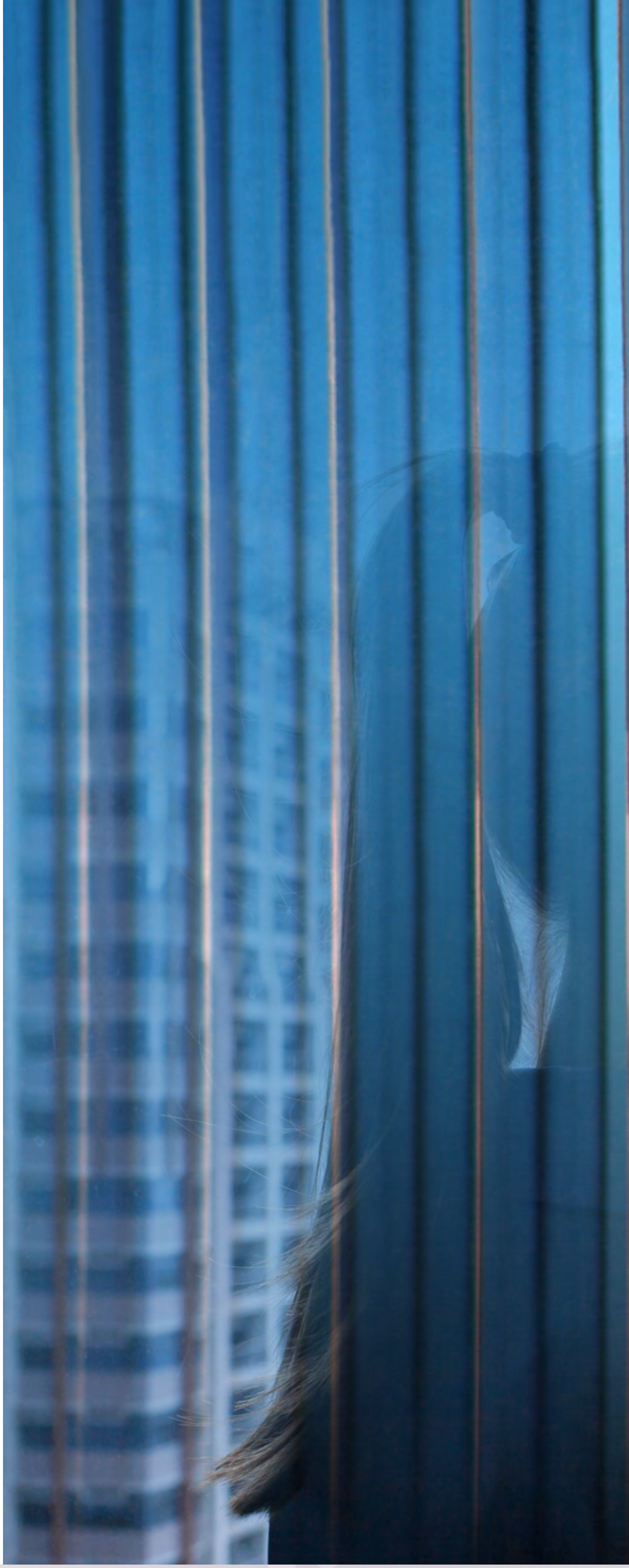
Going forward, NFA will continue to contract with independent, third-party security examiners to conduct rigorous assessments of NFA's data security plan and key systems to ensure that NFA has the appropriate measures in place to protect its data, systems and operations. ■

Reducing NFA's Assessment Fee

One of NFA's basic funding principles is to ensure that it has sufficient resources to perform its functions while not collecting more than necessary to achieve this goal. As a result of increased public volume and diligent budget oversight by NFA's Board, NFA lowered the assessment fee on futures and options from $.02 to $.01—a 50 percent reduction. The lower assessment fee will result in savings of approximately $20 million annually for market participants.

Another financial principle is to ensure fairness in how the organization is funded. NFA has worked with its advisory committees and Finance Committee to develop a dues and fees structure in which each of its main regulatory areas—futures, swaps, retail forex and market regulation—cover their respective costs. As such, the assessment fee reduction, combined with other measures, will ensure that each regulatory program contributes its pro rata share of NFA's reserves and covers the costs of its regulatory programs.

The assessment fee reduction became effective on Oct. 1, 2014. ■



Growth & Staff Development

NFA has added more than 100 employees between its Chicago and New York offices over the past 12 months—jumping from close to 300 employees in 2011 to approximately 400 in 2013, and now nearly 500 employees in 2014. Over the past year, the departments experiencing the most growth include NFA's OTC Derivatives and Futures Compliance departments and the Information Systems department. In fact, both the Compliance and the OTC Derivatives departments have grown by more than 40 people since 2013.

This significant growth is one of the reasons NFA established an Office of Professional Development (OPD) in October 2013. In its first year, OPD facilitated numerous courses, including training for newly hired examiners, and professional skepticism training, among other topics. NFA also continues to invite outside industry subject matter experts to share their expertise and insights with NFA staff covering a host of topics, including internal controls and risk management.

Additionally, to aid its continued hiring efforts, NFA redesigned its Careers website in late summer 2014. The new site highlights why NFA continues to be a leading employer and features a video, entitled "Life at NFA," which shares staff member testimonials on what they like best about working at NFA. There also is a section that profiles current employees, as well as pages featuring information on employee benefits, current opportunities, campus recruiting visit schedules and other related details.

BOARD OF DIRECTORS

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Non-executive Vice Chairman
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Michael C. Dawley*
Vice-Chairman of the Board
Managing Director
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Leo Melamed
Permanent Special Advisor
to the Executive Committee
& Board of Director
Chairman Emeritus
CME Group Inc.
Chairman & CEO
Melamed & Associates

Commodity Pool Operators & Commodity Trading Advisors

Douglas L. Bry*
President
Northfield Trading LP

Ernest L. Jaffarian
CEO/CIO
Efficient Capital
Management LLC

James L. Koutoulas*
Chief Executive Officer
Typhon Capital
Management LLC

John L. Roe
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Roe Capital
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Antoine Babule
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Newedge USA LLC

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R.J. O'Brien &
Associates LLC

Scott A. Cordes
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CHS Hedging LLC

Michael C. Dawley*
Managing Director
Goldman Sachs & Co.

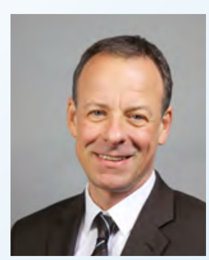
Maureen C. Downs
President
Rosenthal Collins
Group LLC

Christopher K. Hehmeyer*
Non-executive Vice Chairman
KCG Futures

William F. McCoy
Managing Director
Morgan Stanley

Contract Market Directors

Mark G. Bagan
President and Chief
Executive Officer
Minneapolis Grain Exchange



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John F. Sandner*
Special Policy Advisor
Retired Chairman of the Board
CME Group Inc.

**Member of the Executive Committee*

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Promontory Financial Group LLC

Jim Marshall
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The Chicago Council on Global Affairs

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Todd E. Petzel*
Chief Investment Officer
Offit Capital Advisors LLC

Susan M. Phillips
Arlington, Va.

Michael R. Schaefer
New York, N.Y.

Jill E. Sommers
Senior Advisor
Patomak Global Partners

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Managing Director
Bank of America Merrill Lynch

Oliver Jakob
International Chief Risk Officer
Mitsubishi UFJ Securities Holdings Co. Ltd.

Charlotte B. McLaughlin*
President and Chief Executive Officer
PNC Capital Markets LLC

Martin Nance
Chief Compliance Officer
Cournot Financial Products LLC

Philip A. Olesen
Managing Director and Global Head of Credit Trading
UBS Securities LLC

Don Thompson*
Managing Director and Associate General Counsel
JPMorgan Chase & Co.

Sheryl M. Wallace
Vice President, Cargill Risk Management
Cargill, Inc.

Introducing Brokers

Paul J. Georgy
President
Allendale Inc.

Jeffrey D. Malec
CEO and Founding Partner
Attain Capital Management LLC

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
National Futures Association

We have audited the accompanying financial statements of National Futures Association, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of unrestricted revenues, expenses and changes in unrestricted net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Futures Association as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Chicago, Illinois
October 21, 2014

National Futures Association

STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

FINANCIALS

Assets

Assets	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 48,334,234	$ 25,750,570
Short-term investments	52,687,785	35,070,628
Assessments receivable	4,477,992	4,415,388
Other current assets, net	3,929,553	1,400,586
Total current assets	**109,429,564**	**66,637,172**
FURNITURE, FIXTURES, EQUIPMENT, LEASEHOLD IMPROVEMENTS AND SOFTWARE, NET	16,878,037	10,372,236
OTHER ASSETS	1,065,809	1,457,312
TOTAL ASSETS	**$127,373,410**	**$78,466,720**

Liabilities And Unrestricted Net Assets

Liabilities And Unrestricted Net Assets	2014	2013
CURRENT LIABILITIES		
Unearned dues and fees	$ 8,734,028	$ 8,185,452
Accounts payable, accrued expenses and other current liabilities	6,170,914	3,990,474
Total current liabilities	**14,904,942**	**12,175,926**
DEFERRED RENT CREDIT	6,738,075	3,729,886
OTHER LONG-TERM LIABILITIES	6,814,902	5,846,062
Total liabilities	**28,457,919**	**21,751,874**
UNRESTRICTED NET ASSETS	98,915,491	56,714,846
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	**$127,373,410**	**$78,466,720**

The accompanying notes are an integral part of these statements.

National Futures Association

STATEMENTS OF UNRESTRICTED REVENUES, EXPENSES AND CHANGES IN UNRESTRICTED NET ASSETS

Years ended June 30,

	2014	2013
UNRESTRICTED REVENUES		
Assessments	$ 52,061,285	$ 40,268,608
Membership dues	38,402,106	17,093,485
Registration and other fees	7,536,017	5,644,141
Regulatory services outsourcing	11,351,749	3,727,479
Investment income	2,217,157	1,485,720
TOTAL UNRESTRICTED REVENUES	**111,568,314**	**68,219,433**
UNRESTRICTED EXPENSES		
Salaries, wages and employee benefits	50,392,177	41,102,386
Space rental and related expenses	3,833,077	3,016,624
Travel and meetings	2,549,482	2,235,308
Computer expenditures	1,783,166	1,379,543
Depreciation and amortization	4,619,829	3,495,857
Outside consulting fees and services	2,869,618	7,857,268
Supplies, postage and telephone	296,677	317,011
Outside printing and publications	111,179	69,226
Board and committee fees and expenses	638,450	734,294
Insurance, recruiting, education, dues and other	2,274,014	2,137,893
TOTAL UNRESTRICTED EXPENSES	**69,367,669**	**62,345,410**
CHANGE IN UNRESTRICTED NET ASSETS	**42,200,645**	**5,874,023**
Unrestricted net assets at beginning of year	56,714,846	50,840,823
Unrestricted net assets at end of year	$98,915,491	$56,714,846

National Futures Association

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2014	2013
RECONCILIATION OF CHANGE IN UNRESTRICTED NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in unrestricted net assets	$ 42,200,645	$ 5,874,023
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Net unrealized gain on investments	(1,825,288)	(1,058,766)
Depreciation and amortization	4,619,829	3,495,857
Changes in assets and liabilities		
Assessments receivable	(62,604)	(622,869)
Other assets	(2,137,464)	563,837
Unearned dues and fees	548,576	5,889,572
Accounts payable, accrued expenses and other liabilities	3,030,381	(1,037,549)
Deferred rent credit	3,127,088	(395,531)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**49,501,163**	**12,708,574**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets and software	(11,125,630)	(3,818,705)
Purchase of investments	(15,791,869)	(426,954)
NET CASH USED IN INVESTING ACTIVITIES	**(26,917,499)**	**(4,245,659)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**22,583,664**	**8,462,915**
Cash and cash equivalents at beginning of year	25,750,570	17,287,655
Cash and cash equivalents at end of year	$48,334,234	$25,750,570

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE A

ORGANIZATION

The Commodity Futures Trading Commission has designated National Futures Association (the Association) as a registered futures association. Among the Association's activities are qualification screening and registration, financial and trade practice surveillance, enforcement of customer protection rules and uniform business standards, arbitration of disputes, and educational activities. The Association is financed through the payment of assessments and dues by its members and registration fees by registrants.

NOTE B

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The financial statements of the Association have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Assessments

Assessments are reported monthly and are due within 30 days. They are recognized as revenue in the month to which they apply. Amounts reported, but not yet collected, are recognized as assessments receivable on the accompanying statements of financial position.

Membership Dues

Membership dues are non-refundable and are recognized as revenue on a pro rata basis over each member's membership year. Amounts received, but not yet earned, are recognized in unearned dues and fees on the accompanying statements of financial position.

Registration Renewal Fees

Registration renewal fees are non-refundable and are recognized as revenue on a pro rata basis over each registrant's renewal period. Amounts received prior to the event are recognized in unearned dues and fees on the accompanying statements of financial position.

Regulatory Services Outsourcing

Regulatory services outsourcing revenue relates to the Association's trade practice and market surveillance services. This revenue consists of non-refundable start-up fees and monthly maintenance fees for ongoing services for each customer. Fees are used by the Association to purchase hardware and software necessary to perform surveillance services for a given customer and are recognized as revenue when paid by the customer. Monthly fees for ongoing surveillance and other regulatory services are recognized as revenue on a monthly basis as services are performed.

Furniture, Fixtures, Equipment & Leasehold Improvements

The Association capitalizes individual purchases greater than $1,000 and group purchases greater than $10,000.

Furniture, fixtures, equipment and leasehold improvements are depreciated over three to seven years or the term of the lease, if applicable, on a straight-line basis. The Association uses the half-year convention so that the first and last years of depreciation and amortization are one-half the straight-line amount and all middle years are in direct proportion to the useful life of the capitalized item. Additionally, the Association has artwork that is considered non-depreciable included in note E, valued at $286,830 for 2014 and $266,069 for 2013.

Purchased Software

Purchased software is included in fixed assets, and is capitalized and amortized over three years on a straight-line basis using the half-year convention.

Software Design and Development Costs

Software design and development costs consist of salaries and benefits of the Association's personnel involved in projects to develop software for internal use. Software design and development costs incurred in the preliminary stage of a project, as well as training and maintenance costs, are expensed as incurred. Software design and development costs associated with the application development stage of software projects are capitalized until such time as the software is substantially complete and ready for its intended use. Capitalized software design and development costs are amortized over three years on a straight-line basis using the half-year convention.

Deferred Rent Credit

Due to the terms of the Association's primary office space leases, a deferred rent credit was generated. The deferred rent credit is amortized over the remaining terms of the respective leases, which range from one to 12 years. The Association has computed an average monthly rental for the entire term of each lease and charges this amount to rental expense each month. The difference between the average monthly rental and the actual monthly rental payment is accounted for as either an increase or reduction of the deferred rent credit on the accompanying statements of financial position.

Allowance for Doubtful Accounts

The allowance for doubtful accounts, which is related to membership dues receivable, registration revenue receivable and regulatory fines, is maintained at a level that management deems adequate to provide for estimated noncollectable receivables and is based on the length of time receivables have been outstanding, historical experience and an assessment of business economic conditions. At June 30, 2014 and 2013, the allowance for doubtful accounts is $67,925 and $375,067, respectively. This allowance is a reduction of receivables, which are included in other current assets on the accompanying statements of financial position.

Fair Value Measurements

The Financial Accounting Standards Board (FASB) has issued guidance that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and specifies disclosure requirements for fair value measurements. This guidance maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets for identical assets or liabilities, which are either directly or indirectly observable as of the report date. These securities include investments for which quoted prices are available but which are traded in an inactive market or investments that are fairly valued using other securities, the inputs for which can be directly observed.

Level 3 - Securities that are valued using significant unobservable inputs. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Association. The Association considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Association's perceived risk of that instrument.

All of the Association's investments have values that are based on quoted market prices in active markets and are therefore classified as Level 1. These investments include active listed equities, U.S. government and sovereign obligations, and money market securities. The Association does not adjust the quoted price for such instruments, even in situations where the Association may hold a large position and a sale could reasonably impact the quoted price.

Federal Income Taxes

The Association has received a favorable determination letter from the Internal Revenue Service, stating that they are exempt from federal income taxes under the provisions of Section 501(c)(6) of the Internal Revenue Code of 1986 (IRC), except for income taxes pertaining to unrelated business income. The FASB issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined there are no material uncertain positions that require recognition in the financial statements, and has properly accrued a provision for excise taxes. There is no interest or penalties recognized in the statements of unrestricted revenues, expenses and changes in unrestricted net assets. The tax years ending 2010, 2011, 2012 and 2013 are still open to audit for both federal and state purposes.

NOTE C

CASH AND CASH EQUIVALENTS

The Association considers money market accounts and investments with an original maturity of less than three months to be cash equivalents. The Association maintains cash balances at financial institutions insured by the Federal Deposit Insurance Corporation up to $250,000. At times, the balances in these accounts may exceed the insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

NOTE D

INVESTMENTS

The Association's investment portfolio is classified on the statements of financial position as short-term and long-term investments. Short-term investments consist of securities with maturity dates of one year or less. Long-term investments consist of securities with maturity dates greater than one year. Also included as short-term investments is the Association's investment in equity and fixed income mutual funds. As of June 30, 2014 and 2013, the Association did not own any long-term investments..

The aggregate fair value of investments by major type as of June 30, 2014 and 2013, are as follows:

	2014	2013
SHORT TERM INVESTMENTS		
Developed Markets Index Fund	$ 2,732,614	$ 1,733,199
Extended Markets Signal Index Fund	2,824,734	2,102,321
Short Term Treasury Fund	41,419,892	26,939,544
S&P 500 Index Mutual Fund	5,710,545	4,295,564
TOTAL INVESTMENTS	**$52,687,785**	**$35,070,628**

For its four mutual funds, the Association immediately reinvests all interest income, dividend income and capital gains back into the funds.

For the years ended June 30, 2014 and 2013, the activities in the funds and the self-directed securities were as follows:

	2014	2013
Income reinvested back into mutual funds	$391,869	$426,954
Net unrealized gain on mutual funds	1,825,288	1,058,766
TOTAL INVESTMENT RETURN	**$2,217,157**	**$1,485,720**

NOTES

NOTE E

FURNITURE, FIXTURES, EQUIPMENT, LEASEHOLD IMPROVEMENTS AND SOFTWARE

At June 30, 2014 and 2013, furniture, fixtures, equipment, leasehold improvements and software, and the related accumulated depreciation and amortization are as follows:

	2014	2013
Furniture and fixtures	$ 3,805,168	$ 2,753,614
Equipment	6,163,877	3,856,150
Leasehold improvements	11,531,520	7,192,866
Software	7,111,117	5,397,526
	28,611,682	**19,200,156**
Less accumulated depreciation and amortization	11,733,645	8,827,920
FURNITURE, FIXTURES, EQUIPMENT, LEASEHOLD IMPROVEMENTS AND SOFTWARE, NET	**$16,878,037**	**$10,372,236**

NOTE F

COMMITMENTS AND CONTINGENCIES

The Association leases office space in Chicago and New York. The current Chicago lease expires on August 31, 2023. The new lease for the New York office expires June 30, 2023.

The following is a schedule of future payments under both of the operating leases and the disaster recovery service contract that have remaining non-cancellable payment terms as of June 30, 2014:

Years ending June 30	
2015	$ 2,803,361
2016	2,838,683
2017	2,874,943
2018	2,912,157
2019	2,950,339
Thereafter	15,944,481
TOTAL OPERATING LEASE COMMITMENTS	**$30,323,964**

In the normal course of business, the Association is, at times, involved in pending legal proceedings. Management, after consultation with outside legal counsel, believes that the resolution of current proceedings will not have a material effect on the Association's net assets.

NOTE G

EMPLOYEE BENEFIT PLANS

The Association sponsors an Employee Retirement Savings Plan (the Savings Plan). Contributions to the Savings Plan of up to 100% of employees' compensation can be made through payroll deductions. The Association will match employee contributions up to 6% of the employee's eligible compensation. The Association may also contribute to the Savings Plan an additional profit-sharing contribution expressed as a percent of the calendar year's compensation of participants who are employed on the last day of the calendar year. A profit-sharing contribution for 2013 of $1,553,679 was made in 2014. A profit-sharing contribution for 2012 of $1,386,794 was made in 2013. Employees are eligible to participate in the Savings Plan upon their date of hire. Employee contributions and any vested employer contributions are payable upon termination or retirement as stipulated in the Savings Plan.

The Association also sponsors the Retiree Medical Benefits Plan (the Plan), which covers substantially all retirees and their dependents. Effective December 31, 1993, employees who retire from the Association on or after attaining age 55 and who have at least 10 years of full-time service with the Association are entitled to receive benefits from the Plan. Individuals who attained age 65 on or before December 31, 1993, who have been employed by the Association on a full-time basis for at least five years, and who retired after July 1, 1993, were grandfathered under the Plan. The Plan pays a stated percentage of the cost of medical coverage for employees who retire prior to age 65. Coverage for employees who have retired and have reached age 65 is not provided by the Association; instead, Medicare-eligible participants can purchase individual supplemental coverage. The Association will reimburse the cost of Medicare supplemental coverage up to an indexed monthly maximum benchmark amount ($343.68 per person per month in 2014), reduced by a service-related percentage (the reduction is shown in the table below).

Subsequent to July 1, 2003, the structure is based on age at retirement as follows:

	Reduction %	
Age	**Pre-65**	**Post-65**
55-59	70 %	40%
60-64	60	30
65 plus	50	20

At June 30, 2014 and 2013, the actuarial and recorded liabilities for the Plan, none of which has been funded, and the net periodic post-retirement benefit cost and benefits paid for the Plan that are included in other long-term liabilities, were as follows:

	2014	**2013**
AMOUNTS RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION		
Accumulated post-retirement benefit obligations	$(7,548,747)	$ (6,180,354)
Unrecognized prior service cost	(193,691)	(218,172)
Unrecognized net loss	917,263	523,143
Unrecognized transition obligation	19,243	38,490
ACCRUED POST-RETIREMENT BENEFIT COST	**$(6,805,932)**	**$(5,836,893)**

The estimated net periodic post-retirement benefit cost for the Plan for the year ended June 30, 2014, is $1,020,231. The breakdown of the cost is as follows:

Net periodic post-retirement benefit cost	
Service cost	$ 700,918
Interest cost	324,547
Amortization of transition obligation	19,247
Amortization of prior service cost	(24,481)
TOTAL NET PERIOD POST-RETIREMENT BENEFIT COST	**$1,020,231**

The accumulated post-retirement benefit obligation was determined using an assumed weighted-average discount rate of 4.35% at June 30, 2014, and 4.75% at June 30, 2013. The rate of increase in the gross cost of covered healthcare benefits was assumed to be 6.5% for fiscal year 2014. The rate of increase is assumed to decline by 0.25% for each year after 2014 to 5.00% in 2020 and after.

The Association also participates in the purchase of life insurance on behalf of certain executive officers (Executives) as part of the National Futures Association split-dollar life insurance plan (the Split-Dollar Plan). The purpose of the Split-Dollar Plan is to provide participating Executives with an insured death benefit during employment and after retirement. The insurance policy also allows for capital accumulation through the buildup of cash value. Upon termination of employment, death or maturity of the policy, the Association receives cash value equal to the cumulative premium paid by the Association. As of June 30, 2014 and 2013, the cumulative premium paid on behalf of the Executives is $729,025 and $1,080,931, respectively, and is classified in other assets on the statements of financial position.

NOTE H

DEFERRED RENT CREDIT

Effective November 2001, the Association executed a 10-year operating lease for office premises in New York. Also effective January 2008, the Association executed a 12-year operating lease for office premises in Chicago. In December 2011, the Association extended its Chicago lease by 44 months to August 2023. Also in October 2012, the Association extended its New York lease by eight months to December 2013. The Association's New York office relocated in November 2013 and a new lease has been entered for this space. The leases include rent incentives and, accordingly, the Association recognizes such abatement as an adjustment to a deferred rent credit over the terms of the lease on a straight-line basis. The total deferred rent credit at June 30, 2014 and 2013, was $7,442,984 and $4,125,417, respectively, of which $704,909 and $395,531, respectively, are included in accounts payable, accrued expenses and other current liabilities on the statements of financial position.

For the years ended June 30, 2014 and 2013, the Association's rent expense was as follows:

	2014	2013
Cash payments for rent	$ 2,670,546	$ 3,075,220
Add (less) amortization of deferred rent credits	778,581	(310,333)
RENT EXPENSE	**$3,449,127**	**$2,764,887**

NOTES

NOTE I

SUBSEQUENT EVENTS

The Association evaluated its June 30, 2014, financial statements for subsequent events through October 21, 2014, the date the financial statements were available to be issued. The Association is not aware of any subsequent events that require recognition or disclosure in the financial statements.

National Futures Association has been designated by the Commodity Futures Trading Commission (CFTC) as a registered futures association. NFA is the premier independent provider of innovative and efficient regulatory programs that safeguard the integrity of the derivatives markets.

Honors & *Awards*

NATIONAL BEST AND BRIGHTEST COMPANIES TO WORK FOR WINNER 2014

Winner
2012 – 2014
Awarded by the
National Association
for Business Resources

Winner
2006 – 2014
Awarded by the
National Association
for Business Resources

CHICAGO'S 101 BEST AND BRIGHTEST COMPANIES TO WORK FOR WINNER 2014

Best Places to Work in IL 2014
A workplace analysis and competition

Winner
2007 – 2014
Awarded by the
Best Companies Group

Winner
2010 – 2011, 2013
Awarded by Crain's
New York Business

CRAIN'S 2013 best places to work in NYC

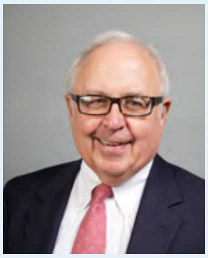
TOP 100 WORKPLACES 2014 Chicago Tribune

Winner
2010 – 2014
Awarded by the
Chicago Tribune

Winner
2007 – 2013
Awarded by the
Dave Thomas Foundation
for Adoption

2013 100 BEST ADOPTION-FRIENDLY WORKPLACES signature program DAVE THOMAS FOUNDATION FOR ADOPTION

Officers



Daniel J. Roth*
President & CEO

Daniel A. Driscoll
Exec. Vice-President
Chief Operating Officer

Thomas Sexton III
Sr. Vice-President
General Counsel & Secretary

Regina Thoele
Sr. Vice-President
Compliance

Karen K. Wuertz
Sr. Vice-President
Strategic Planning &
Communications

David Hawrysz
Sr. Vice-President
Chief Financial Officer
Treasurer

Edward J. Dasso
Vice-President
Market Regulation

Jamilia Piracci
Vice-President
OTC Derivatives

Timothy J. McHenry
Vice-President
Information Systems

Yvette Christman
Vice-President
Membership & Registration

**Member of the Executive Committee*

ABOUT NFA

Accountability & Organization

POLICY DEVELOPMENT

34-member Board of Directors

- 13 FCM, IB, CPO, and CTA representatives
- 3 contract market representatives
- 11 public representatives
- 7 SD and MSP representatives

POLICY SUPERVISION

15-member Executive Committee

- NFA's President
- NFA's Chairman of the Board
- 2 directors/FCM or IB representatives
- 2 directors/contract market representatives
- 2 directors/CPO or CTA representatives
- 2 directors/SD MSP representatives
- 5 public representatives

POLICY IMPLEMENTATION

NFA officers and staff

FUNDING

NFA is completely self-financed with funds derived from membership dues and fees, and from assessments paid by Members and users of the derivatives markets.

TOTAL EMPLOYEES

(as of June 30, 2014):
477

NATIONAL FUTURES ASSOCIATION®

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