

Regulatory Requirements—FCM/FDM/IB Members
March 25, 2026

Matthew Rosamilia:

Well, good morning and welcome to NFA's Regulatory Requirements Webinar for futures commission merchant (FCM), forex dealer Member (FDM) and introducing broker (IB) Members. My name is Matthew Rosamilia and I'm a Senior Communications Specialist in NFA's External Affairs and Communications department. I want to thank everyone for joining us today.

We have a great program for you today featuring some of my very talented NFA colleagues. We'll get into the main part of our event here shortly, but let me just touch on a few housekeeping items to get this rolling. We'll start today's program with updates and reminders on some important topics relevant to NFA's FCM, FDM, and IB Members. These updates will go off the information that was shared in a Notice to Members and a face sent earlier this month. When we wrap up our prepared remarks, we'll have some time to address the questions that you in the audience can submit throughout today's presentation. We want to make sure that today's event is as engaging as possible. So, I do encourage all of you to submit a question.

To submit a question, locate the box labeled ask-a-question on your webinar screen, and I'll be collecting your questions throughout today's prepared remarks. So please feel free to submit a question at any point during today's program. We will answer as many questions as we can in the time we have. However, unfortunately, if we do not get to your question or if you have asked a firm-specific question, one of my NFA colleagues will be reaching out to you following the webinar. And should you think of any question or comment following today's webinar, I also want to remind everyone about NFA's information center that is always willing to assist, and you can visit NFA's website for that info center's contact information. One last thing before we do kick off, some things here are recording and transcript of today's webinar will be available on NFA's website in the coming weeks.

This recording is available to everyone and anyone, so I encourage you to share it with your colleagues who maybe couldn't make it today. Today's webinar is both an educational opportunity as well as a chance for you to engage with NFA staff. We want today to be as engaging as possible. Therefore, like I said already, I encourage you to submit any question you may have and you can actually start sending in your questions as soon as right now, if it relates to that notice that we sent out. Ensuring Members understand and meet their regulatory responsibilities is the pillar of NFA's mission. Today is one of the many ways NFA works to meet that critical part of our mission. In the coming months, we will be providing more information on the upcoming 2026 Member workshops. These workshops, held both in Chicago and New York for FCMs, FDMs and IBs are another great opportunity to hear the latest updates from NFA staff and also to engage with us in-person. So please stay tuned for those announcements and always refer

to NFA's website for further information. I also encourage everyone to check out NFA's website at www.nfa.futures.org to see our latest offerings and also to subscribe to our communications so you can stay in the loop on future educational and engagement opportunities. All right, well, it's time to get into the main part of today's presentation. I'll now be turning the floor over to our presentation group, which will be started by James Kay, Manager II in our Member oversight department. And he'll be discussing annual regulatory obligations and reminders. James, want to take it away?

James Kay:

All right. Thank you, Matthew. And hello to everyone. To kick us off, as Matthew mentioned, I will be discussing the first items that are highlighted in the resource, which are the annual obligation and filing resources and reminders. The Notice to Member included links to annual obligations and filing requirements for FCMs, FDMs, Independent IBs and guaranteed IBs. These are a high-level overview of some of the annual requirements for our firms, which are available on NFA's website at any time. Some examples of these requirements included on the reminder are reviewing the firm's Information Systems Security Program, using either in-house staff with appropriate knowledge, or engaging in independent third party. Updating the annual registration update in ORS and ensuring any dues which are owed by the firm are paid by the firm's membership anniversary date. Completing the Member Questionnaire from the NFA Members Questionnaire System, as well as the Self-Exam Questionnaire. Ensure you maintain your attestation, as well as any supporting documents used for the Self-Exam Questionnaire, as those are required to be maintained as well. Sending the firm's customers the annual privacy policy, if required. Contacting active customers to verify that the information obtained from the customer under NFA Compliance Rule 2-30 remains accurate and sending any additional risk disclosures to those customers as necessary. Performing any required onsite or remote reviews of guaranteed introducing brokers or branch offices. Reviewing and testing the implementation of any business continuity disaster recovery plans. This process should include reviewing to ensure that any information provided to NFA, either through WinJammer or in the Member Questionnaire is accurate and consistent with the firm's current operations. Providing all required employee training courses, which can include topics such as ethics, cybersecurity, AML, as well as others, and completing annual reviews of various procedures, including but not limited to the AML program, the risk management program and electronic trading systems.

As it relates to filing, the resource provides examples of required filings, including financial filings such as daily segregated, secured, cleared swap filings, periodic 1-FR or focused filings, and annual certified filings. Additionally, it discusses non-financial filings such as risk management programs, which only need to be filed in the event of a material change, risk exposure reports, which are submitted quarterly, notice filings submitted as required, as well as the CCO annual report, which are due for most firms in the next week. The items I've discussed and the items that are included in the Notice to Members are not intended to be an inclusive list of all regulatory responsibilities but a helpful list of reminders.

Further, the reminders page on NFA's website includes a much more extensive list of these regulatory obligations, and I would strongly recommend all firms take advantage of this information. If you have any questions on these reminders or resources, please feel free to add your questions to the Q&A. Thank you for taking the time to join us, and back to you, Matthew.

Matthew Rosamilia:

Thank you, James, for kicking us off. I did want to ask you a question regarding your presentation. Are there any material changes from the prior year as it relates to annual regulatory obligations?

James Kay:

Well, I can't say that there are no changes, as it would really depend on the firm's operations on what they need to do on an annual basis. I will say, though, that the list of obligations and reminders that are on NFA's website remains unchanged from the prior year.

Matthew Rosamilia:

Got it. Okay, that makes sense. And then another question here. I heard you use the term annual or annually used a lot. What does that mean for these requirements?

James Kay:

So that can really depend on each specific item. Some NFA regulatory requirements are on a calendar year basis. For example, they must be completed sometime in 2026, and again sometime in 2027. However, there are things like the annual registration update and dues, which are due on specific days. Further, the CFTC requirements can have even more specific annual requirements, so it can vary depending on which item you're referring to. But in general, NFA requirements are on a calendar year basis.

Matthew Rosamilia:

Got it. Well, thanks again, James, for starting us off and for your great presentation. I do want to move on to our next presenter, Gabriel Poalucci. He's a Senior Manager in our Member Oversight department, and he's going to be discussing regulatory obligations related to common deficiencies. Gabe.

Gabriel Poalucci:

Thanks, Matt. Good morning, everyone. At this time, we'd like to transition to discuss common deficiencies related to Members meeting their regulatory obligations. Please keep in mind this is not an exhaustive list. With that being said, additional areas may be reviewed during a Member's exam or other reviews conducted by NFA periodically. The first area relates to the completion of the Member Questionnaire, which can be accessed via NFA's Electronic Filing System. This questionnaire provides NFA with important information about the Member's operations that help NFA formulate its exam schedule, monitor Members on an ongoing basis and ensures NFA's public facing BASIC system

displays accurate information. Deficiencies related to the questionnaire include not completing it on an annual basis, or when Members experience material changes to operations, along with not completing the questionnaire in its entirety. For further guidance in this area, NFA has issued several Notice to Members over the past few years. These include notices 24-10, 24-14 and 24-16. The next area relates to Member firms conducting a review of its operations utilizing NFA's Self-Examination Questionnaire. This allows Members to self-identify missing or inadequate procedures on their own between NFA exams. Common deficiencies include not completing the self-exam on an annual basis, completing an inadequate review, not maintaining support of when and who completed the review, and not using the most current version of the Self-Exam Questionnaire.

Moving on. An important aspect of FCM, FDM and IB supervisory framework is its oversight of written and oral communications between their APs and customers that lead to transactions and commodity interests. Common deficiencies related to this start with not creating and implementing adequate written supervisory procedures, which detail how these communications will be created and retained, and also how they will be monitored on a periodic basis. Other deficiencies identified by NFA in this area are Member firms not maintaining required communications and/or for the required timeframe, and not having adequate processes and controls in place to identify APs using unapproved communication channels. Lastly, on the topic of APs, it is important for Members to have controls in place to identify individuals who are acting as an AP while not being registered in that capacity with NFA. Further, NFA Members who elect to outsource certain regulatory functions to third parties are required to create and implement written procedures in accordance with NFA Interpretive Notice 9079. When reviewing these procedures during exams, NFA has noted deficiencies related to the procedures, not including information concerning initial risk assessment, onboarding due diligence, ongoing monitoring and termination of third parties, along with failing to maintain support evidencing that the firm was following its written procedures and performing these activities when establishing new relationships and periodically thereafter.

As a resource, Members can utilize Appendix E of the Self-Exam Questionnaire as a guide to ensure procedures are inclusive of all required elements. Another important part of the Members supervisory framework is its written Information System Security Program, or ISSP, which needs to be created and implemented in accordance with NFA Interpretive Notice 9070. As a reminder, the ISSP should require Members to notify NFA of cybersecurity incidents related to their commodity interest activities through NFA's Cyber Notice Filing System. Reportable incidents result in the loss of customer or counterparty funds, loss of the Member's own capital, and incidents that require Members providing notice to customers or counterparties under state or federal law. One of the most common deficiencies related to a firm cybersecurity activities are employees not adequately completing training upon hire and on an annual basis. The last reminder that I wanted to provide today is that in order to be eligible for NFA membership, all firms

must have at least one principal that is also registered as an associated person. If this is not the case, NFA will view this as a request to withdraw from NFA in accordance with NFA Bylaw 301. Thank you for your time this morning.

Matthew Rosamilia:

Thank you, Gabe, for that great insight. I did want to ask you how soon after hire is an employee required to complete cybersecurity training?

Gabriel Poalucci:

Yes, thanks for that question, Matt. As I just, you know, covered ISSP and training a minute ago. So, NFA Interpretive Notice 9070 does allow for Member firms to define the timeframe for new hire training based on its own risk assessment and operations. I would say it is in the Member firm's best interest to provide training as soon as it's practically possible and before new employees have access to the firm's systems. Generally, NFA will not cite a Member firm for being in violation of Compliance Rule 2-9, if the firm's written procedures require training within 60 days of onboarding and employees are meeting that requirement.

Matthew Rosamilia:

Understood, Gabe. And this following question reminds me, when we used to work together, Gabe, as an examiner, you were my manager. Relating to non-US Members here in the US, if a Member firm has employees located in a non-US branch and servicing non-US customers, is that individual still required to be registered as an AP.

Gabriel Poalucci:

Now, this does come up a lot. It's something that we go through and discuss with our Members pretty often, but I would just generally say no. You know, if an individual is servicing a non-US customer, then they would not have to be registered. However, it's very important when determining if an entity qualifies as a US customer. It's important for the firm to make that determination based on where the entity is domiciled versus the location of the trader the firm employee is servicing. So just as an example, if you have a customer that's incorporated in Delaware in the US, its main office is in New York. However, the trader, the firm employee is servicing, is located in a non-US branch office. In this example, the Member firm should consider that a US customer. I hope that's clear.

Matthew Rosamilia:

Right. That makes sense, Gabe. Well, thanks again, Gabe, for your presentation and for the final portion of the regulatory requirements, we will have Angela Olcott. She's a Manager in our Member Oversight department, and she's just going to pick up where Gabe left off. And she's going to continue discussing regulatory obligations related to common deficiencies. Angela, I'll turn it over to you.

Angela Olcott:

Thanks, Matt. I'll get started by talking about financial reporting. Firms must periodically file financial reports through either EasyFile or WinJammer, and these financial reports do have a \$1,000 per business day late fee. Unaudited financial reports are required throughout the year, whereas audited financial reports are annual filings. For IBs and FDMs, certified 1-FRs are due 90 days after fiscal year-end, and certified focuses are due 60 days after fiscal year-end. FCM certified financials are due within 60 days after fiscal year-end. NFA does view late filings as a serious rule violation, and repeated late filings may result in disciplinary action. Therefore, firms should make themselves familiar with filing obligations, especially when due dates fall on holidays. You can find information about that in the Members section of NFA's website. As a reminder, certified financial reports must include the accountant's report on material inadequacies in accordance with CFTC regulation 1.16(c)5. If material inadequacies are noted, notice must be filed with NFA in accordance with CFTC regulation 1.12(d). Also, as a reminder, certified financial reports must include a reconciliation of the statement of the computation of the minimum capital requirements with the firm's corresponding uncertified financial report. If no material differences exist, a statement must be included indicating as such. From time to time, we see IB broker dealers include their \$5,000 FINRA SEC minimum net capital requirement on the net capital computation, despite having a \$45,000 or larger requirement on the NFA side. So, this is just a reminder that IB firm's financial reports must include a minimum net capital requirement of at least \$45,000. Next, I'll talk about the change in CPA notice filing that may be required. If the CPA engaged to audit the firm's financials resigns or is dismissed, the firm must file a notice of NFA within 15 business days.

Angela Olcott:

You'll make that filing through either EasyFile or WinJammer. These filings must be in accordance with CFTC regulation 1.16(g). The firm must upload a notice that includes the date on which the independent accountant that was previously engaged to audit the firm's financial statements resigned or indicated they declined to stand for re-election or was dismissed. Regarding the audit of the two most recent fiscal year than any subsequent interim period, the notice must also address if there were any disagreements with the former accountant that would have caused them to make reference within their report to the subject matter of the disagreements. The notice must indicate if the accountant's report on the financial statements and schedules for either of the past two years contain an adverse opinion, a disclaimer of opinion or a qualified opinion with respect to uncertainties, audit scope or accounting principles. Lastly, the notice must be signed by the sole proprietor or a general partner, or a duly authorized corporate officer of the firm. The firm must also request from the former accountant a letter addressed to the CFTC, stating whether it agrees with the statements contained in this notice, and if not, stating the respects in which he does not agree. The former accountant must sign this letter. The next notice filing type I'll touch on is extension requests. In the event a firm finds that it cannot file its financial report on time without substantial due hardship, it may request approval for an extension of time.

To request extension for filing financials, the firm must file the extension request with NFA through EasyFile or WinJammer. Firms can request extensions for both unaudited financial reports in accordance with CFTC regulation 1.10(f)1 and for audited financial reports in accordance with CFTC regulation 1.16(f)1. If the firm is registered with the SEC as a broker dealer, they may file with NFA copies of any application that are filed with its designated examining authority, such as FINRA, for an extension of time to file. The firm must also file promptly with NFA, copies of any notice it receives from FINRA to approve or deny the requested extension of time, NFA will notify the firm of the grant or denial of the requested extension. Additionally, certain small broker dealers that qualify for SEC order 91128 can file an extension for 30 days. Lastly, I'll touch on subordinated loan agreements or SLAs. Any proposed SLAs including amendments must be filed with NFA. For non-broker dealers, they must be filed at least ten days prior to the proposed effective date and cannot be considered "satisfactory" until NFA finds the agreement acceptable. For broker dealers, firms must file signed copies of any proposed SLAs, including amendments with NFA at the same time they file such copies with their designated examining authority, such as FINRA. Remember that firms must obtain written approval from NFA prior to invoking any prepayment, special prepayment, or accelerated maturity provisions contained in the SLA. That's all I've got. So, I'll send it back to you, Matt.

Matthew Rosamilia:

Thank you, Angela, for that. Just practical view. I do have a question for you. So, if a Member received an extension to file financials from FINRA, would they also need to request an extension from NFA?

Angela Olcott:

Yes, they would. So, the firm would still file an extension request with NFA. Like I just mentioned, they should provide us with a copy of the extension request that they filed with FINRA and also with any notice it receives from FINRA to approve or deny the requested extension of time.

Matthew Rosamilia:

Got it. Understood, Angela. Thank you for that. And I do want to ensure that we cover as many questions as we can in this timeframe. So, if you have any other questions for any of our three presenters, please feel free to send them in now. Angela, let me stay with you for another question here. Does change in CPA notices only need to be filed with NFA?

Angela Olcott:

No. If the firm had a change in CPA, notice must be filed with NFA, but it must also be submitted to the CFTC.

Matthew Rosamilia:

Got it. And similar to that, is notification of change of CPA also required for CPOs?

Angela Olcott:

It is. A few differences there is that CPOs are actually not required to file their change in CPA notices with the CFTC. So, if it's a CPO, you'll just file it with NFA and you don't also have to file with CFTC. And the other difference for CPOs is that their change in CPA notices must indicate which pools the change affects.

Matthew Rosamilia:

Got it. Gabe, I'm looking at you for this next question. What is the date of the most recent self-exam?

Gabriel Poalucci:

Sure, Matt. So, the most recent version of the Self-Exam Questionnaire is as of January of 2024. On NFA's website is where you can find that most recent version. We also post revision notes to explain what has changed since the previous version. And just one recommendation best practice I can offer here to our Member firms is if you do decide to save the Self-Exam Questionnaire locally, you know, just make sure when you're completing your next one in that following calendar year to revisit NFA's website and download the most recent version. That'll just make sure that you're in possession of the most recent version conducting your current self-exam.

Matthew Rosamilia:

Got it. That makes sense. Gabe. And then, James, I wanted to get your point of view on this question. If an IB has been approved by NFA closer to the end of the last year, so say 2025, would they still be required to complete an annual CCO report this year?

James Kay:

So that's a great question. And it's one I've gotten a couple times. As it relates to IBs, they do not have an annual CCO report requirement. However, for any of our FCM or FDMs that are approved late in the year, there still is a CCO report requirement for those firms. They can request relief from this requirement from the CFTC, although it's not always granted and it may not be granted timely, but it is an avenue they can follow.

Matthew Rosamilia:

Got it. That makes sense. Gabe, I'm going to go back to you for cybersecurity training. It seems like a hot topic here. So, does it have to be a US based training? So, this is an example here. Say that a Member's parent entity is in Dubai. Can the US staff use the Dubai training?

Gabriel Poalucci:

Yes, no, the cybersecurity training is definitely a hot topic and something we spend a lot of time educating our Members on. So, I would say that Interpretive Notice 9070 is not prescriptive and does not require a certain vendor to provide the training, whether that be in-house or external. You know, so I would say it's okay to use the parent company's training, but it's very important that the Member firm evaluate that training to make sure

that it's addressing their own risk to make sure that it's comprehensive in nature and to evaluate it, that it fits their operations. But yes, they can certainly decide which vendor to use on their own.

Matthew Rosamilia:

Got it. Thank you, Gabe. And James, I'm looking at you for this question on ORS, which is, you know, the system that our Members utilize probably on a daily basis. So beyond updating a firm's principal information on ORS, are there any other notification requirements where a Member firm intends to replace its chief financial officer?

James Kay:

So, for our IB Members, there's nothing further from a notification standpoint that's required. However, for FCMs and FDMs, they would need to file notice within WinJammer for any change in senior management. And they would want to make sure that any changes are also reflective of WinJammer PIN signer as that is something that's sometimes overlooked by our firms.

Matthew Rosamilia:

Got it. Thank you, James, for that interpretation. Angela, I wanted to get your point of view on this question. Regarding Member Questionnaires, where exactly are the note revisions, say, updates located or provided for Member firms to review?

Angela Olcott:

Thanks, Matt. So, I think this question was referencing updates to the Self-Exam Questionnaire that Gabe was referencing. So, if that's the case, I can just kind of walk you through what our website looks like. If you're on our website, you should see a Member's button in dark blue color. And then from there you can select your membership category. So, for example, I might click on Introducing Broker. If you scroll down, you can click another hyperlink to view IB or whatever type of firm you are, regulatory obligations. There will then be a hyperlink for the Self-Examination Questionnaire. And once you're on that page, you should see revision notes. So, you'll see the entire Self-Examination Questionnaire, the most updated version of that. And you'll also see revision notes kind of walking you through what has been updated in the Self-Examination Questionnaire.

Matthew Rosamilia:

Got it. Thank you, Angela. And one of our Members said this question is specifically for Angela. And it has to do with the change of account or accountant. So, I'm assuming change of CPA. How should we proceed if the prior audit firm is unavailable to sign off on the change, so for example, due to acquisition or due to a closure?

Angela Olcott:

Good question. So, we always ask that firms at least try to get that letter from the former accountant. But as you pointed out, that might not always be possible. So, when you are submitting the change in CPA notice to us, you'll indicate that and I believe- but I could

be wrong about this. I believe there's a text box for you to kind of explain what the scenario is. And then whoever's reviewing that filing, if we need more information, we'll reach out to you and get that and get the CPA updated in our system. So, like I said, we always ask that you try to get that formal letter, but we know that it's not always possible. So, we'll work through that on a case by case basis.

Matthew Rosamilia:

Got it, Angela. And I'm just waiting for more questions to come in. So, if you have any question, please don't be shy. We have some time here. So, take this moment to write us any questions and we can see them coming in. And we can try to answer as many as we can. So, for FCMs, James, I know you're an expert on FCMs and you've been working with FCMs for a while now. For an FCM that were to act purely as an intermediary and does not provide advice, particularly newer entrants in areas like prediction markets, which are a very hot topic right now where customers trade independently, how should firms approach highlighting user activity or platform engagement without it being interpreted as selective or misleading under NFA promotional rules? I know that's a lengthy question, James.

James Kay:

Yes, yes. So, I would say it really depends on what exactly they're looking to do. And I would really recommend that if you have questions like this relating to promotional material that you utilize NFA's pre-submittal program where you can pre-submit promotional material and our experts that review promotional material all the time can take a look and give you a better response than I can here.

Matthew Rosamilia:

Perfect. James. And I also want to say you can always reach out to NFA's Information Center, and they will send you to the right person, the right individual, the right exam team to answer your questions. Gabe, I wanted to go back to you. This question is regarding Member questionnaires. So, the Member Questionnaire and self-exams are due based on registrant's annual review timeline. Is that correct?

Gabriel Poalucci:

Yes, so I'll address them separately. So, the Member Questionnaire at a minimum is required to be completed for the first time upon the first-year anniversary of the registration date, but it's very important to keep in mind that, you know, if a firm experiences material changes in operations, the Member Questionnaires should be updated throughout the year to incorporate those changes. And for the Self-Exam Questionnaire, that's required to be completed on a calendar year basis. So, like James described earlier, at some point in 2026 and then in some point in 2027 for the Self-Exam Questionnaire.

Matthew Rosamilia:

Got it. Thank you, Gabe, for your expertise and for your experience on that. And I also want to thank Angela. I want to thank James and again, Gabe, for just a great presentation and for answering those questions.

That's actually going to wrap up our webinar for today and our Q&A session. So again, if we did not get a chance to answer your question, an NFA staff member will be reaching out to you following today's event. We are now closing in at the end of this broadcast and would like to thank each of you for your participation. We hope that you found the information provided today to be helpful, and the questions you asked are specifically helpful to us and will always assist us in better tailoring our Member educational programming, going forward.

As a reminder, you will be able to find a recording and transcript of today's Regulatory Requirements Webinar for FCM, FDM, and IB Members on NFA's website in the coming weeks. In addition, if we didn't get to your question, we will be responding via email. We appreciate your questions and participation and also encourage you to tell us how we did via the webinar survey QR code up on our screen. It's a super quick survey that will truly help us make these webinars better for you. Like I said, try to tailor them as much as we can. So, I'll just give you a second to capture that with your mobile devices if you have them handy.

And lastly, if you ever have a question, feel free to reach out to any of us or to NFA's Information Center, and we'll get you an answer as quickly as we can. Well, thanks again everybody for your participation and hope you all have a great rest of your day. Take care. Thank you.