



March 3, 2026

Via Email (secretary@cftc.gov)

Mr. Christopher J. Kirkpatrick
Secretary
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: National Futures Association: Repeal NFA Interpretive Notice 9071
entitled, *Compliance Rule 2-46: Reporting Financial Information on NFA
Forms PQR and PR*

Dear Mr. Kirkpatrick:

Pursuant to Section 17(j) of the Commodity Exchange Act ("CEA"), as amended, National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("CFTC" or "Commission") the proposed repeal of NFA Interpretive Notice 9071 entitled *Compliance Rule 2-46: Reporting Financial Information on NFA Forms PQR and PR* ("Interpretive Notice 9071") to eliminate certain financial reporting obligations for NFA Member commodity pool operators ("CPOs") and commodity trading advisors ("CTAs"). NFA's Board of Directors ("Board") unanimously approved the proposal on February 19, 2026. NFA is invoking the "ten-day" provision of Section 17(j) of the CEA and plans to make the repeal of Interpretive Notice 9071 effective as early as ten days after receipt of this submission by the Commission unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

PROPOSED AMENDMENT
(deletions are ~~stricken through~~)

NATIONAL FUTURES ASSOCIATION

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Interpretive Notices

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9071 – NFA COMPLIANCE RULE 2-46: REPORTING FINANCIAL INFORMATION ON NFA FORMS PQR AND PR

INTERPRETIVE NOTICE

NFA Compliance Rule 2-46 requires NFA Member CPOs and CTAs (with reporting requirements under CFTC Regulation 4.27) to file NFA Forms PQR and PR, respectively, on a quarterly basis. These forms collect certain general identifying information regarding the CPO or CTA, as well as specific information on the pools operated by the CPO and the assets directed by the CTA. NFA reviews and analyzes this information as an integral part of NFA's oversight program for CPO and CTA Members.

Unlike FCM and independent IB Members, which file regular reports with NFA containing specific information on the Members' financial condition, NFA does not collect any financial information on the financial condition of CPO or CTA Members. NFA uses the information reported by FCMs and IBs in determining a firm's risk profile and to identify firms that may be facing financial difficulties.

NFA's Board of Directors (Board) has determined that this type of information is an important component of NFA's oversight program, and that each CPO and CTA Member should also report information to NFA that provides NFA with the ability to monitor the firm's financial condition and identify firms that may be facing financial difficulties. Therefore, NFA is revising Forms PQR and PR to require each CPO and CTA to report two financial ratios related to the firm's financial health. The purpose of this Interpretive Notice is to provide additional information on the requirements for providing this information.

Required Ratios

NFA Forms PQR and PR will contain data fields requiring CPOs and CTAs to report the following two ratios (reported to the nearest two decimal places):

a. Current Assets/Current Liabilities (CA/CL) Ratio

This ratio divides a firm's current assets by its current liabilities, providing a measure of a firm's liquidity. This ratio is based on a firm's current asset and current liability balances at the reporting quarter end.

The following definitions apply for the purpose of computing this ratio:

Current Assets: Cash or any asset that can be readily converted to cash within one year. Current assets for a CPO or CTA may include, but are not limited to, cash, marketable securities, short-term investments, accounts receivable, and a general partner's investment in its pool.



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~~Current Liabilities: Obligations that are reasonably expected to be paid within one year. Current liabilities include, but are not limited to, accounts payable, accrued expenses, payroll liabilities, income tax liabilities, and interest payable. A firm's long-term financial obligations that are not due within the present accounting year are considered a noncurrent liability and should not be included in this ratio.~~

~~b. ——— Total Revenue/Total Expenses (TR/TE) Ratio~~

~~This ratio divides a firm's total revenue by its total expenses, measuring a firm's operating margin. Although a firm will report this ratio each quarter, the ratio must reflect the total revenue earned and total expenses incurred during the prior 12 months.~~

~~The following definitions apply for the purpose of computing this ratio:~~

~~Total Revenue: Gross income earned by a firm from its normal business activities before any expenses have been deducted. Income may be received as cash or a cash equivalent and is typically generated by a CPO or CTA through management and/or incentive fees.~~

~~Total Expenses: Costs incurred in a firm's efforts to generate revenue, representing the cost of doing business. Expenses may include, but are not limited to, wages and salaries, rent, utilities, depreciation, and bad debts.~~

~~A CPO or CTA that has a fiscal year end that does not align with the Form PQR or PR reporting quarters may report the ratios as of the firm's most recently ended fiscal quarter. For example, the regular quarterly financial reporting quarters for a firm with a July 31 fiscal year end would be July 31, October 31, January 31 and April 30. The firm may report the ratio information as of July 31 on the September 30 Form PQR or PR, the ratio information as of October 31 on the December 31 PQR, etc.~~

~~The components of current assets, current liabilities, total revenue, and total expenses should be based on the requirements of generally accepted accounting principles or another internationally recognized accounting standard, consistently applied.~~

~~The ratios must be reported using the accrual method of accounting. Accrual accounting requires that the firm record revenue when it is earned rather than when it is received in cash and record an expense when it is incurred rather than when it is actually paid. For example, a CTA charges a monthly management fee of 2%, which equates to a \$24,000 fee earned as of March 31. The CTA, however, does not actually receive payment of the fee until April 15. Under the accrual method of accounting, the CTA would record the \$24,000 fee as part of its revenue for the month of March and not for the month of April. Similarly, a CTA receives a utility bill in March for services it has already received. The CTA, however, does not pay the bill until April. The CTA should record the amount of the bill as an expense for the month of March and not for the month of April.~~



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~~CPOs and CTAs that are part of a holding company/subsidiary structure may elect to report the ratios at the parent level. However, firms will be required to notify NFA that it is part of a holding company structure and indicate its reporting level election (i.e., parent/holding company level or subsidiary Member firm level) on Form PQR or PR.~~

~~The Board is not establishing any minimum ratio percentages that a firm must meet. Rather, NFA will incorporate the financial information collected on Forms PQR and PR into its oversight program and use it to identify trends that indicate that a firm may be facing financial difficulties which could impair its ability to act in the best interests of its customers.~~

Recordkeeping

~~Each CPO and CTA must be able to demonstrate to NFA how it calculated the ratios reported in Form PQR or PR. Therefore, each CPO and CTA must maintain financial records supporting the calculation of these ratios, which, for those Member firms that are part of a holding company structure, may include relevant financial records of the holding company, in accordance with NFA Compliance Rule 2-10 and make those records available to NFA during an examination or otherwise upon request.~~

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EXPLANATION OF REPEAL OF INTERPRETIVE NOTICE

In 2016, NFA's Board adopted Interpretive Notice 9071 setting forth two financial reporting requirements for CPO and CTA Members related to the Member's financial condition and as part of NFA's oversight program. Interpretive Notice 9071 requires CPOs and CTAs to report to NFA on a quarterly basis its current assets to current liabilities (CA/CL) ratio and the total revenue to total expenses (TR/TE) ratio on NFA Forms PQR and PR. When NFA's Board adopted Interpretive Notice 9071, NFA's Board believed that a CPO's or CTA's reporting of these two financial ratios might help inform examination priorities by identifying firms with financial difficulties that potentially impaired their ability to operate in the best interests of customers.

At its February 19, 2026 meeting, NFA's Board unanimously approved repealing Interpretive Notice 9071 after determining that a CPO's or CTA's quarterly reporting of these financial ratios has not been particularly useful in identifying problematic firms and has had limited utility in helping NFA carry out its oversight responsibilities. In repealing Interpretive Notice 9071, NFA's Board noted that CPO Members are now required to submit other financial information that is far more critical for monitoring the financial health of commodity pools. Specifically in 2021, NFA's Board approved and adopted NFA Compliance Rule 2-50 and a related Interpretive



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Notice requiring CPO Members to file notice with NFA whenever a CPO that operates a commodity pool experiences a market or other event that affects the ability of a commodity pool to fulfill its obligations to pool participants (e.g., when a pool cannot meet a margin call, satisfy redemptions, etc.).

In late December 2025, NFA informed the CPO/CTA Member Advisory Committee ("Committee") that staff intended to recommend the repeal of Interpretive Notice 9071 to NFA's Board. The Committee fully supported this action. As mentioned earlier, NFA is invoking the "ten-day" provision of Section 17(j) of the CEA. NFA intends to repeal Interpretive Notice 9071 entitled *NFA Compliance Rule 2-46: Reporting Financial Information on NFA Forms PQR and PR* effective as early as ten days after receipt of this submission by the Commission, unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tim Elliott", written in a cursive style.

Tim Elliott
Vice President and General Counsel

cc: Frank Fisanich (ffisanich@cftc.gov)
Tom Smith (tsmith@cftc.gov)

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