

# LIMITED FUTURES EXAMINATION—REGULATIONS

## SERIES 32

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

### A. General

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

### B. FCM/IB Regulations

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

### C. CPO/CTA

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

### D. Arbitration Procedures

### E. NFA Disciplinary Procedures

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

### F. CFTC Commodity Exchange Act Enforcement