

Corporate & Financial Weekly Digest

August 19, 2011 by [Kevin M. Foley](#)

CFTC Approves Amendments to NFA Forex Requirements

The Commodity Futures Trading Commission has approved proposed amendments to National Futures Association compliance rules, bylaws and other requirements applicable to the retail forex activities of NFA members.

Among the amendments, NFA is eliminating certain existing exclusions from compliance with NFA's forex requirements, with the result that all NFA members engaging in retail forex transactions will be subject to the applicable NFA forex requirements (subject to a limited exemption for futures commission merchants (FCMs) whose forex activities are limited to hedging currency risk for their futures customers). Currently, NFA's retail forex requirements do not apply to FCMs and introducing brokers that are also registered with the Securities and Exchange Commission as broker-dealers.

NFA is also amending its bylaws to require that (i) any NFA member that is registered with the CFTC and conducting forex activities be designated as a forex firm and (ii) any individual associated with such a firm be approved as a forex associate in order to conduct forex activities for the firm. Such firms must have at least one principal registered as an associated person (AP) and approved as a forex AP.

The amendments also apply the "know-your-customer" requirements set forth in Compliance Rule 2-30 to NFA members' forex transactions, and require NFA forex dealer members (FDMs) to maintain an office within the United States (including Puerto Rico) that is responsible for preparing and maintaining CFTC- and NFA-required financial records and reports (which such office must be under the supervision of a listed principal and registered AP of the FDM residing in that office).

The amendments will take effect on October 1. To read a copy of NFA's release, click [here](#).

Katten Muchin Rosenman LLP
Charlotte Chicago Irving London Los Angeles New York Washington, DC