

NFA Compliance Rule 2-9 places a continuing responsibility on every Member to diligently supervise its employees and agents in all aspects of their futures-related activities. NFA recognizes that, given the differences in the size and complexity of the operations of NFA Members, there must be some degree of flexibility in determining what constitutes “diligent supervision” for each firm. It is NFA’s policy to leave the exact form of supervision to the Member thereby providing the Member with flexibility to design procedures that are tailored to the Member’s own situation. However, NFA believes that all Members should regularly review the adequacy of their supervisory procedures.

In order to satisfy their continuing supervisory responsibilities under Compliance Rule 2-9, NFA Members must review their operations on a yearly basis using a self-examination checklist. The checklist will aid Members in recognizing potential problem areas and alert them to procedures which need to be revised or strengthened. The checklist focuses on the Member’s regulatory responsibilities and solicits information regarding whether the Member’s internal procedures are adequate for meeting these responsibilities.

The checklist has been divided into five sections. The first section is a general checklist that should be used by all registration categories. In addition, NFA has developed a separate supplemental checklist for each of the four registration categories (FCM, IB, CPO and CTA). Please complete each checklist that is applicable to your registration status.

After the annual review of the Member’s operations, the appropriate supervisory personnel must then sign and date a written attestation that they have reviewed the Member’s operations in light of the matters covered by the checklist. Although a checklist may be completed for several registration categories, only one attestation is necessary per office. A separate attestation must be made for each branch office. If the branch office reviews its own operations, the main office must receive a copy of the attestation. Guarantor FCMs must obtain copies of the signed attestation from guaranteed IBs, including branch offices of these guaranteed IBs. These attestations should not be forwarded to NFA but should be retained by the Member. Signed attestations should be readily available for the last two years and retained for the last five.

As necessary, NFA updates these checklists to reflect new and amended rules. NFA encourages you to visit NFA’s Web site (www.nfa.futures.org) for the most recent version of the checklists.

If you have questions, please contact the NFA Compliance Department at (800) 621-3570.

Sample Attestation

(On Member's Letterhead)

Appropriate supervisory personnel for Member's Name have reviewed and evaluated the current procedures of Member's Name (and branch location, if applicable) using the NFA Self-Examination Checklist. Based on that review, it appears that Member's Name current procedures are adequate to meet its supervisory responsibilities.

Signed

Date

Remember, a review of operations must be performed annually. A signed and dated attestation such as this, must be prepared each year and kept on file.