

NFA Amends Interpretive Notice Regarding NFA Compliance Rules 2-7 and 2-24 and Registration Rule 401

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Proficiency Requirements for Security Futures Products

The term security futures product (“SFP”) encompasses security futures and options on security futures. The term security future includes both futures on a single security (called single stock futures) and futures on narrow-based security indexes.

The Commodity Futures Modernization Act of 2000 amended the Securities Exchange Act of 1934 to require the National Futures Association (the “NFA”) to “have rules that ensure that members and natural persons associated with members meet such standards of training, experience and competence necessary to effect transactions in security futures products and are tested for their knowledge of securities and securities futures products.” In 2001, the NFA and the Financial Industry Regulatory Authority (“FINRA”) adopted temporary relief allowing Commodity Futures Trading Commission registrants to qualify to engage in SFP activities activities by completing a training program rather than taking a proficiency exam. That relief has been extended four times and was set to expire on December 31, 2015.

The NFA recently amended the NFA's Interpretive Notice (the “Amended Interpretive Notice”) regarding proficiency requirements for SFPs to make permanent the provision permitting SFP Associates to satisfy their proficiency requirement through training. Under the Amended Interpretive Notice NFA Members and Associates may satisfy their proficiency requirements for SFPs by taking any training program that covers the subject matter included in a content outline that has been jointly developed by the NFA, FINRA, and a number of securities and futures exchanges. A copy of that outline can be **found here**.

Additionally, NFA, in partnership with FINRA and the Institute for Financial Markets, has developed a web-based training program that will satisfy the training requirement. That program can be **accessed here**. There is no charge for completing this training program.

Training, whether through the NFA online program or otherwise, must be completed before any individual registrant engages in activities involving SFPs.

NFA Members and Associates are not required to notify the NFA that they have completed a training program. However, Members must be able to demonstrate to the NFA during an audit that those registered individuals who are engaging in activities involving SFPs have completed the necessary training.

If your firm engages in trading SFPs all Associates engaged in such activities must undergo the required training and you must maintain records that such training took place.

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