

## Commodity Futures Trading Commission

## § 166.2

Commission pursuant to section 5a(a)(12)(A) of the Act and Commission Regulation 1.41, which set forth the basis and procedures for granting exemptions from the registration requirement contained in paragraph (b) of this section for de minimis activity.

### § 156.3 Contract market program for enforcement.

A contract market must, as part of its responsibilities pursuant to the Act and § 1.51, demonstrate effective use of broker association registration information to monitor the trading activity of broker associations and their members for potential abuse and to secure compliance with all other contract market bylaws, rules, regulations and resolutions which may pertain to such associations or their members.

### § 156.4 Disclosure of Broker Association Membership.

Each contract market shall make available to the public generally and upon request a list of all registered broker associations which identifies for each such association the name of each person who is a member or otherwise has a direct beneficial interest in the association. This list shall be updated at least semi-annually.

[61 FR 41498, Aug. 9, 1996]

## PART 166—CUSTOMER PROTECTION RULES

Sec.

166.1 Definitions.

166.2 Authorization to trade.

166.3 Supervision.

166.4 Branch offices.

AUTHORITY: 7 U.S.C. 1a, 2, 4, 6b, 6c, 6g, 6h, 6l, 6o, 12a, and 23, unless otherwise noted.

### § 166.1 Definitions.

(a) The term *Commission registrant* as used in this part means any person who is registered or required to be registered with the Commission pursuant to the Act or any rule, regulation, or order thereunder.

(b) The term *commodity interest* as used in this part means—

(1) Any contract for the purchase or sale of any commodity for future delivery, traded on or subject to the rules of

a contract market or a foreign board of trade.

(2) Any agreement or transaction subject to Commission regulation under section 4c of the Act, including any such contract or transaction made or to be made on or subject to the rules of a foreign board of trade; or

(3) Any contract or transaction subject to Commission regulation under section 19 of the Act (7 U.S.C. 23).

(c) The term *customer* as used in this part means any person trading, intending to trade, or receiving or seeking advice concerning any commodity interest, including any existing or prospective client or subscriber of a commodity trading advisor or existing or prospective participant in a commodity pool, but the term does not include a person who is acting in the capacity of a Commission registrant with respect to the trade.

(d) The term *commodity account* as used in this part means the account of a customer in which any commodity interest is, or is intended to be, traded.

[43 FR 31886, July 24, 1978, as amended at 46 FR 54535, Nov. 3, 1981; 52 FR 29003, Aug. 5, 1987]

### § 166.2 Authorization to trade.

No futures commission merchant, introducing broker or any of their associated persons may directly or indirectly effect a transaction in a commodity interest for the account of any customer unless before the transaction the customer, or person designated by the customer to control the account:

(a) Specifically authorized the futures commission merchant, introducing broker or any of their associated persons to effect the transaction (a transaction is “specifically authorized” if the customer or person designated by the customer to control the account specifies (1) the precise commodity interest to be purchased or sold and (2) the exact amount of the commodity interest to be purchased or sold); or

(b) Authorized in writing the futures commission merchant, introducing

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broker or any of their associated persons to effect transactions in commodity interests for the account without the customer's specific authorization; *Provided, however*, That if such futures commission merchant, introducing broker or any of their associated persons is also authorized to effect transactions in foreign futures or foreign options without the customer's specific authorization, such authorization must be expressly documented.

[48 FR 35304, Aug. 3, 1983, as amended at 52 FR 29003, Aug. 5, 1987]

#### § 166.3 Supervision.

Each Commission registrant, except an associated person who has no supervisory duties, must diligently supervise the handling by its partners, officers, employees and agents (or persons occupying a similar status or performing a similar function) of all commodity interest accounts carried, operated, advised or introduced by the registrant and all other activities of its partners, officers, employees and agents (or persons occupying a similar status or performing a similar function) relating to its business as a Commission registrant.

[48 FR 35304, Aug. 3, 1983]

#### § 166.4 Branch offices.

Each branch office of each Commission registrant must use the name of the firm of which it is a branch for all purposes, and must hold itself out to the public under such name. The act, omission or failure of any person acting for the branch office, within the scope of his employment or office, shall be deemed the act, omission or failure of the Commission registrant as well as of such person.

[48 FR 35304, Aug. 3, 1983]

## PART 170—REGISTERED FUTURES ASSOCIATIONS

### Subpart A—Standards Governing Commission Review of Applications for Registration as a Futures Association Under Section 17 of the Act

Sec.

170.1 Demonstration of purposes (section 17(b)(1) of the Act).

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- 170.2 Membership restrictions (section 17(b)(2) of the Act).
- 170.3 Fair and equitable representation of members (section 17(b)(5) of the Act).
- 170.4 Allocation of dues (section 17(b)(6) of the Act).
- 170.5 Prevention of fraudulent and manipulative practices (section 17(b)(7) of the Act).
- 170.6 Disciplinary proceedings (sections 17(b)(8) and (b)(9) of the Act).
- 170.7 Membership denial (section 17(b)(9) of the Act).
- 170.8 Settlement of customer disputes (section 17(b)(10) of the Act).
- 170.9 General standard.
- 170.10 Proficiency examinations (sections 4p and 17(p) of the Act).

### Subpart B—Registration Statement of Futures Associations to be Submitted to the Commission

- 170.11 Form of registration statement; review of registration statement.
- 170.12 Delegation of authority to Director of the Division of Trading and Markets.

### Subpart C—Membership in a Registered Futures Association

- 170.15 Futures commission merchants.

AUTHORITY: 7 U.S.C. 6p, 12a, and 21, unless otherwise noted.

SOURCE: 44 FR 20651, Apr. 6, 1979, unless otherwise noted.

### Subpart A—Standards Governing Commission Review of Applications for Registration as a Futures Association Under Section 17 of the Act

#### § 170.1 Demonstration of purposes (section 17(b)(1) of the Act).

A futures association must demonstrate that it will be able to carry out the purposes of section 17 of the Act. Since a basic purpose of a futures association is to regulate the practices of its members, an association should demonstrate that it will require its members to adhere to regulatory requirements governing their business practices at least as stringent as those imposed by the Commission. For example, the association should be prepared to establish and maintain in accordance with § 1.52 of this chapter, a financial compliance program for those members of the association who are futures commission merchants.