

# Title 17—Commodity and Securities Exchanges

(This book contains parts 1 to 199)

---

	<i>Part</i>
CHAPTER I—Commodity Futures Trading Commission .....	1



## CHAPTER I—COMMODITY FUTURES TRADING COMMISSION

<i>Part</i>		<i>Page</i>
1	General regulations under the Commodity Exchange Act .....	5
2	Official seal .....	120
3	Registration .....	121
4	Commodity pool operators and commodity trading advisors .....	162
5	[Reserved]	
7	Contract market rules altered or supplemented by the Commission .....	212
8	Exchange procedures for disciplinary, summary, and membership denial actions .....	212
9	Rules relating to review of exchange disciplinary, access denial or other adverse actions .....	219
10	Rules of practice .....	230
11	Rules relating to investigations .....	262
12	Rules relating to reparations .....	267
13	Public rulemaking procedures .....	305
14	Rules relating to suspension or disbarment from appearance and practice .....	307
15	Reports—general provisions .....	310
16	Reports by contract markets .....	315
17	Reports by futures commission merchants, members of contract markets and foreign brokers .....	318
18	Reports by traders .....	323
19	Reports by persons holding bona fide hedge positions pursuant to §1.3(z) of this chapter and by merchants and dealers in cotton .....	326
20	[Reserved]	
21	Special calls .....	328
30	Foreign futures and foreign options transactions ...	330
31	Leverage transactions .....	348
32	Regulation of commodity option transactions .....	381
33	Regulation of domestic exchange-traded commodity option transactions .....	395
34	Regulation of hybrid instruments .....	405

17 CFR Ch. I (4-1-06 Edition)

<i>Part</i>		<i>Page</i>
35	Exemption of swap agreements .....	406
36	Exempt markets .....	408
37	Derivatives transaction execution facilities .....	412
38	Designated contract markets .....	423
39	Derivatives clearing organizations .....	435
40	Provisions common to contract markets, deriva- tives transaction execution facilities and deriva- tives clearing organizations .....	443
41	Security futures products .....	457
42	Anti-money laundering, terrorist financing .....	482
100	Delivery period required .....	482
140	Organization, functions, and procedures of the Commission .....	482
141	Salary offset .....	507
142	Indemnification of CFTC employees .....	511
143	Collection of claims owed the United States aris- ing from activities under the Commission's juris- diction .....	512
144	Procedures regarding the disclosure of information and the testimony of present or former officers and employees in response to subpoenas or other demands of a court .....	515
145	Commission records and information .....	518
146	Records maintained on individuals .....	532
147	Open Commission meetings .....	541
148	Implementation of the Equal Access to Justice Act in covered adjudicatory proceedings before the Commission .....	548
149	Enforcement of nondiscrimination on the basis of handicap in programs or activities conducted by the Commodity Futures Trading Commission .....	554
150	Limits on positions .....	560
155	Trading standards .....	566
156	Broker Associations .....	570
160	Privacy of consumer financial information .....	571
166	Customer protection rules .....	589
170	Registered futures associations .....	593
171	Rules relating to review of National Futures Asso- ciation decisions in disciplinary, membership de- nial, registration and member responsibility ac- tions .....	596
190	Bankruptcy .....	610
191-199	[Reserved]	

## PART 1—GENERAL REGULATIONS UNDER THE COMMODITY EX- CHANGE ACT

### DEFINITIONS

Sec.

- 1.1 Fraud in or in connection with transactions in foreign currency subject to the Commodity Exchange Act.
- 1.2 Liability of principal for act of agent.
- 1.3 Definitions.
- 1.4 Use of electronic signatures.

### MINIMUM FINANCIAL AND RELATED REPORTING REQUIREMENTS

- 1.10 Financial reports of futures commission merchants and introducing brokers.
- 1.11 [Reserved]
- 1.12 Maintenance of minimum financial requirements by futures commission merchants and introducing brokers.
- 1.13 [Reserved]
- 1.14 Risk assessment recordkeeping requirements for futures commission merchants.
- 1.15 Risk assessment reporting requirements for futures commission merchants.
- 1.16 Qualifications and reports of accountants.
- 1.17 Minimum financial requirements for futures commission merchants and introducing brokers.
- 1.18 Records for and relating to financial reporting and monthly computation by futures commission merchants and introducing brokers.

### PROHIBITED TRADING IN COMMODITY OPTIONS

- 1.19 Prohibited trading in certain “puts” and “calls”.

### CUSTOMERS' MONEY, SECURITIES, AND PROPERTY

- 1.20 Customer funds to be segregated and separately accounted for.
- 1.21 Care of money and equities accruing to customers.
- 1.22 Use of customer funds restricted.
- 1.23 Interest of futures commission merchant in segregated funds; additions and withdrawals.
- 1.24 Segregated funds; exclusions therefrom.
- 1.25 Investment of customer funds.
- 1.26 Deposit of instruments purchased with customer funds.
- 1.27 Record of investments.
- 1.28 Appraisal of instruments purchased with customer funds.
- 1.29 Increment or interest resulting from investment of customer funds.
- 1.30 Loans by futures commission merchants; treatment of proceeds.

### RECORDKEEPING

- 1.31 Books and records; keeping and inspection.
- 1.32 Segregated account; daily computation and record.
- 1.33 Monthly and confirmation statements.
- 1.34 Monthly record, “point balance”.
- 1.35 Records of cash commodity, futures, and option transactions.
- 1.36 Record of securities and property received from customers and option customers.
- 1.37 Customer's or option customer's name, address, and occupation recorded; record of guarantor or controller of account.
- 1.38 Execution of transactions.
- 1.39 Simultaneous buying and selling orders of different principals; execution of, for and between principals.

### MISCELLANEOUS

- 1.40 Crop, market information letters, reports; copies required.
- 1.41–1.43 [Reserved]
- 1.44 Records and reports of warehouses, depositories, and other similar entities; visitation of premises.
- 1.45 [Reserved]
- 1.46 Application and closing out of offsetting long and short positions.
- 1.47 Requirements for classification of purchases or sales of contracts for future delivery as bona fide hedging under §1.3(z)(3) of the regulations.
- 1.48 Requirements for classification of sales or purchases for future delivery as bona fide hedging of unsold anticipated production or unfilled anticipated requirements under §1.3(z)(2) (i)(B) or (ii)(C) of the regulations.
- 1.49 Denomination of customer funds and location of depositories.
- 1.50–1.51 [Reserved]
- 1.52 Self-regulatory organization adoption and surveillance of minimum financial requirements.
- 1.53 Enforcement of contract market by-laws, rules, regulations, and resolutions.
- 1.54 Contract market rules submitted to and approved or not disapproved by the Secretary of Agriculture.
- 1.55 Distribution of “Risk Disclosure Statement” by futures commission merchants and introducing brokers.
- 1.56 Prohibition of guarantees against loss.
- 1.57 Operations and activities of introducing brokers.
- 1.58 Gross collection of exchange-set margins.
- 1.59 Activities of self-regulatory organization employees, governing board members, committee members, and consultants.
- 1.60 Pending legal proceedings.
- 1.61 [Reserved]

## § 1.1

- 1.62 Contract market requirement for floor broker and floor trader registration.
- 1.63 Service on self-regulatory organization governing boards or committees by persons with disciplinary histories.
- 1.64 Composition of various self-regulatory organization governing boards and major disciplinary committees.
- 1.65 Notice of bulk transfers and disclosure obligations to customers.
- 1.66 No-action positions with respect to floor traders.
- 1.67 Notification of final disciplinary action involving financial harm to a customer.
- 1.68 Customer election not to have funds, carried by a futures commission merchant for trading on a registered derivatives transaction execution facility, separately accounted for and segregated.
- 1.69 Voting by interested members of self-regulatory organization governing boards and various committees.
- 1.70 Notification of State enforcement actions brought under the Commodity Exchange Act.

APPENDIX A TO PART 1 [RESERVED]

APPENDIX B TO PART 1—FEES FOR CONTRACT MARKET RULE ENFORCEMENT REVIEWS AND FINANCIAL REVIEWS

AUTHORITY: 7 U.S.C. 1a, 2, 5, 6, 6a, 6b, 6c, 6d, 6e, 6f, 6g, 6h, 6i, 6j, 6k, 6l, 6m, 6n, 6o, 6p, 7, 7a, 7b, 8, 9, 12, 12a, 12c, 13a, 13a-1, 16, 16a, 19, 21, 23, and 24, as amended by the Commodity Futures Modernization Act of 2000, Appendix E of Pub. L. 106-554, 114 Stat. 2763 (2000).

SOURCE: 41 FR 3194, Jan. 21, 1976, unless otherwise noted.

### DEFINITIONS

#### § 1.1 Fraud in or in connection with transactions in foreign currency subject to the Commodity Exchange Act.

(a) *Scope.* The provisions of this section shall be applicable to accounts, agreements, contracts, or transactions described in section 2(c)(1) of the Act, to the extent that the Commission exercises jurisdiction over such accounts, agreements, contracts and transactions as provided in section 2(c)(2)(B) of the Act (except that this section shall not be applicable to persons described in section 2(c)(2)(B)(ii)(II) or 2(c)(2)(B)(ii)(III) of the Act).

(b) *Fraudulent conduct prohibited.* It shall be unlawful for any person, directly or indirectly, in or in connection with any account, agreement, contract or transaction that is subject to paragraph (a) of this section:

## 17 CFR Ch. I (4-1-06 Edition)

(1) To cheat or defraud or attempt to cheat or defraud any person;

(2) Willfully to make or cause to be made to any person any false report or statement or cause to be entered for any person any false record; or

(3) Willfully to deceive or attempt to deceive any person by any means whatsoever.

[66 FR 42269, Aug. 10, 2001]

#### § 1.2 Liability of principal for act of agent.

The act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust, within the scope of his employment or office, shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust as well as of such official, agent, or other person.

#### § 1.3 Definitions.

Words used in the singular form in the rules and regulations in this chapter shall be deemed to import the plural and vice versa, as the context may require. The following terms, as used in the Commodity Exchange Act, or in the rules and regulations in this chapter, shall have the meanings hereby assigned to them, unless the context otherwise requires:

(a) *Board of Trade.* This term means any exchange or association, whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling any commodity or receiving the same for sale on consignment.

(b) *Business day.* This term means any day other than a Sunday or holiday. In all notices required by the act or by the rules and regulations in this chapter to be given in terms of business days the rule for computing time shall be to exclude the day on which notice is given and include the day on which shall take place the act of which notice is given.

(c) *Clearing member.* This term means any person who is a member of, or enjoys the privilege of clearing trades in his own name through, the clearing organization of a contract market.

(d) *Clearing organization.* This term means the person or organization