§ 21. Registered futures associations

(a) Registration statement

Any association of persons may be registered with the Commission as a registered futures association pursuant to subsection (b) of this section, under the terms and conditions hereinafter provided in this section, by filing with the Commission for review and approval a registration statement in such form as the Commission may prescribe, setting forth the information, and accompanied by the documents, below specified:

(1) Data as to its organization, membership, and rules of procedure, and such other information as the Commission may by rules and regulations require as necessary or appropriate in the public interest; and

(2) Copies of its constitution, charter, or articles of incorporation or association, with all amendments thereto, and of its bylaws, and of any rules or instruments corresponding to the foregoing, whatever the name, hereinafter in this section collectively referred to as the “rules of the association”.

(b) Standards for registration; Commission findings

An applicant association shall not be registered as a futures association unless the Commission finds, under standards established by the Commission, that—

(1) such association is in the public interest and that it will be able to comply with the provisions of this section and the rules and regulations thereunder and to carry out the purposes of this section;

(2) the rules of the association provide that any person registered under this chapter, registered entity, or any other person designated pursuant to the rules of the Commission as eligible for membership may become a member of such association, except such as are excluded pursuant to paragraph (3) or (4) of this subsection, or a rule of the association permitted under this subparagraph. The rules of the association may restrict membership in such association on such specified basis relating to the type of business done by its members, or on such other specified and appropriate basis, as appears to the Commission to be necessary or appropriate in the public interest and to carry out the purpose of this section. Rules adopted by the association may provide that the association may, unless the Commission directs otherwise in cases in which the Commission finds it appropriate in the public interest so to direct, deny admission to, or refuse to continue in such association any person if (i) such person, whether prior or subsequent to becoming registered as such, or (ii) any person associated within the meaning of “associated person” as set forth in section 6k of this title, whether prior or subsequent to becoming so associated, has been and is suspended or expelled from a registered entity or has been and is barred or suspended from being associated with all members of such registered entity, for violation of any rule of such registered entity;

(3) the rules of the association provide that, except with the approval or at the direction of the Commission in cases in which the Commission finds it appropriate in the public interest so to approve or direct, no person shall be admitted to or continued in membership in such association, if such person—

(A) has been and is suspended or expelled from a registered futures association or from a registered entity or has been and is barred or suspended from being associated with all members of such association or from being associated with all members of such registered entity, for violation of any rule of such association or registered entity which prohibits any act or transaction constituting conduct inconsistent with just and equitable principles of trade, or requires any act the omission of which constitutes conduct inconsistent with just and equitable principles of trade;

(B) is subject to an order of the Commission denying, suspending, or revoking his registration pursuant to section 9 of this title, or expelling or suspending him from membership in a registered futures association or a registered entity, or barring or suspending him from being associated with a futures commission merchant;

(C) whether prior or subsequent to becoming a member, by his conduct while associ-
ated with a member, was a cause of any sus-
pension, expulsion, or order of the character
(described in clause (A) or (B) which is in ef-
flect with respect to such member, and in en-
tering such a suspension, expulsion, or order, 
The Commission or any such registered en-
tity or association shall have jurisdiction to
determine whether or not any person was a
cause thereof; or

(D) has associated with him any person
who is known, or in the exercise of reason-
able care should be known, to him to be a
person who would be ineligible for admission
to or continuance in membership under
clause (A), (B), or (C) of this paragraph;

(4) the rules of the association provide that,
except with the approval or at the direction of
the Commission in cases in which the Commis-
sion finds it appropriate in the public interest
so to approve or direct, no person shall become
a member and no natural person shall become
a person associated with a member, unless
such person is qualified to become a member
or a person associated with a member in con-
formity with specified and appropriate stand-
ards with respect to the training, experience,
and such other qualifications of such person
as the association finds necessary or desirable,
and in the case of a member, the financial re-
sponsibility of such a member. For the pur-
pose of defining such standards and the appli-
cation thereof, such rules may—

(A) appropriately classify prospective
members (taking into account relevant mat-
ters, including type or nature of business
done) and persons proposed to be associated
with members;

(B) specify that all or any portion of such
standard shall be applicable to any such
class;

(C) require persons in any such class to
pass examinations prescribed in accordance
with such rules;

(D) provide that persons in any such class
other than prospective members and part-
ners, officers and supervisory employees
(which latter term may be defined by such
rules and as so defined shall include branch
managers of members) of members, may be
qualified solely on the basis of compliance
with specified standards of training and such
other qualifications as the association finds
appropriate;

(E) provide that applications to become a
member or a person associated with a mem-
ber shall set forth such facts as the associa-
tion may prescribe as to the training, expe-
rience, and other qualifications (including,
in the case of an applicant for membership,
financial responsibility) of the applicant and
that the association shall adopt procedures
for verification of qualifications of the appli-
cant, which may require the applicant to be
fingerprinted and to submit, or cause to be
submitted, such fingerprints to the Attorney
General for identification and appropriate
processing. Notwithstanding any other pro-
vision of law, such an association may re-
ceive from the Attorney General all the re-
results of such identification and processing;
and

(F) require any class of persons associated
with a member to be registered with the as-
sociation in accordance with procedures
specified by such rules (and any application
or document supplemental thereto required
by such rules of a person seeking to be reg-
istered with such association shall, for the
purposes of section 9 of this title, be deemed
an application required to be filed under this
section);

(5) the rules of the association assure a fair
representation of its members in the adoption
of any rule of the association or amendment
thereto, the selection of its officers and direc-
tors, and in all other phases of the administra-
tion of its affairs;

(6) the rules of the association provide for
the equitable allocation of dues among its
members, to defray reasonable expenses of ad-
ministration;

(7) the rules of the association are designed
to prevent fraudulent and manipulative acts
and practices, to promote just and equitable
principles of trade, in general, to protect the
public interest, and to remove impediments to
and perfect the mechanism of free and open fu-
tures trading;

(8) the rules of the association provide that
its members and persons associated with its
members shall be appropriately disciplined, by
expulsion, suspension, fine, censure, or being
suspended or barred from being associated
with all members, or any other fitting pen-
alty, for any violation of its rules;

(9) the rules of the association provide a fair
and orderly procedure with respect to the dis-
ciplining of members and persons associated
with members and the denial of membership
to any person seeking membership therein or
the barring of any person from being associ-
ated with a member. In any proceeding to de-
termine whether any member or other person
shall be disciplined, such rules shall require
that specific charges be brought; that such
member or person shall be notified of, and be
given an opportunity to defend against, such
charges; that a record shall be kept; and that
the determination shall include—

(A) a statement setting forth any act or
practice in which such member or other per-
son may be found to have engaged, or which
such member or other person may be found
to have omitted;

(B) a statement setting forth the specific
rule or rules of the association of which any
such act or practice, or omission to act, is
deemed to be in violation;

(C) a statement whether the acts or prac-
tices prohibited by such rule or rules, or the
omission of any act required thereby, are
deemed to constitute conduct inconsistent
with just and equitable principles of trade;
and

(D) a statement setting forth the penalty
imposed;¹

¹So in original. The semicolon probably should be a period.
ated with a member, such rules shall provide that the person shall be notified of, and be given an opportunity to be heard upon, the specific grounds for denial or bar which are under consideration; that a record shall be kept; and that the determination shall set forth the specific grounds upon which the denial or bar is based;

(10) the rules of the association provide a fair, equitable, and expeditious procedure through arbitration or otherwise for the settlement of customers' claims and grievances against any member or employee thereof: Provided, That (A) the use of such procedure by a customer shall be voluntary, (B) the term "customer" as used in this paragraph shall not include another member of the association, and (C) in the case of a claim arising from a violation in the execution of an order on the floor of a registered entity, such procedure shall provide, to the extent appropriate—

(i) for payment of actual damages proximately caused by such violation. If an award of actual damages is made against a floor broker in connection with the execution of a customer order, and the futures commission merchant which selected the floor broker for the execution of the customer order is held to be responsible under section 2(a)(1) of this title for the floor broker's violation, such futures commission merchant may be required to satisfy such award; and

(ii) where the violation is willful and intentional, for payment to the customer of punitive or exemplary damages, in addition to losses proximately caused by the violation, in an amount equal to no more than two times the amount of such losses. If punitive or exemplary damages are awarded against a floor broker in connection with the execution of a customer order, and the futures commission merchant which selected the floor broker for the execution of such order is held to be responsible under section 2(a)(1) of this title for the floor broker's violation, such futures commission merchant may be required to satisfy the award of punitive or exemplary damages if the floor broker fails to do so, except that such requirements shall apply to the futures commission merchant only if it willfully and intentionally selected the floor broker with the intent to assist or facilitate the floor broker's violation; and

(11) such association provides for meaningful representation on the governing board of such association of a diversity of membership interests and provides that no less than 20 percent of the regular voting members of such board be comprised of qualified nonmembers of or persons who are not regulated by such association.

(12)(A) such association provides on all major disciplinary committees for a diversity of membership sufficient to ensure fairness and to prevent special treatment or preference for any person in the conduct of disciplinary proceedings and the assessment of penalties.

(B) major disciplinary committee hearing a disciplinary matter shall include—

(A) qualified persons representing segments of the association membership other than that of the subject of the proceeding; and

(B) where appropriate to carry out the purposes of this paragraph, qualified persons who are not members of the association.

(c) Suspension of registration

The Commission may, after notice and opportunity for hearing, suspend the registration of any futures association if it finds that the rules thereof do not conform to the requirements of the Commission, and any such suspension shall remain in effect until the Commission issues an order determining that such rules have been modified to conform with such requirements.

(d) Fees and charges

In addition to the fees and charges authorized by section 12a(1) of this title, each person registered under this chapter, who is not a member of a futures association registered pursuant to this section, shall pay to the Commission such reasonable fees and charges as may be necessary to defray the costs of additional regulatory duties required to be performed by the Commission because such person is not a member of a registered futures association. The Commission shall establish such additional fees and charges by rules and regulations.

(e) Registered persons not members of registered associations

Any person registered under this chapter, who is not a member of a futures association registered pursuant to this section, in addition to the other requirements and obligations of this chapter and the regulations thereunder shall be subject to such other rules and regulations as the Commission may find necessary to protect the public interest and promote just and equitable principles of trade.

(f) Denial of registration

Upon filing of an application for registration pursuant to subsection (a) of this section, the Commission may by order grant such registration if the requirements of this section are satisfied. If, after appropriate notice and opportunity for hearing, it appears to the Commission that any requirement of this section is not satisfied, the Commission shall by order deny such registration.

(g) Withdrawal from registration; notice of withdrawal

A registered futures association may, upon such reasonable notice as the Commission may deem necessary in the public interest, withdraw from registration by filing with the Commission a written notice of withdrawal in such form as the Commission may by rules and regulations prescribe.
(h) Commission review of disciplinary actions taken by registered futures associations

(1) If any registered futures association takes any final disciplinary action against a member of the association or a person associated with a member, denies admission to any person seeking membership therein, or bars any person from being associated with a member, the association promptly shall give notice thereof to such member or person and file notice thereof with the Commission. The notice shall be in such form and contain such information as the Commission, by rule or regulation, may prescribe as necessary or appropriate to carry out the purposes of this chapter.

(2) Any action with respect to which a registered futures association is required by paragraph (1) to file notice shall be subject to review by the Commission on its motion, or on application by any person aggrieved by the action. Such application shall be filed within 30 days after the date such notice is filed with the Commission and received by the aggrieved person, or within such longer period as the Commission may determine.

(3)(A) Application to the Commission for review, or the institution of review by the Commission on its own motion, shall not operate as a stay of such action unless the Commission otherwise orders, summarily or after notice and opportunity for hearing on the question of a stay (which hearing may consist solely of the submission of affidavits or presentation of oral arguments).

(B) The Commission shall establish procedures for expedited consideration and determination of the question of a stay.

(i) Notice; hearing; findings; cancellation, reduction, or remission of penalties; review by court of appeals

(1) In a proceeding to review a final disciplinary action taken by a registered futures association against a member thereof or a person associated with a member, after appropriate notice and opportunity for a hearing (which hearing may consist solely of consideration of the record before the association and opportunity for the presentation of supporting reasons to affirm, modify, or set aside the sanction imposed by the association)—

(A) if the Commission finds that—

(i) the specific grounds on which the denial or bar is based exist in fact;

(ii) the denial or bar is in accordance with the rules of the association; and

(iii) such rules are, and were applied in a manner, consistent with the purposes of this chapter.

the Commission, by order, shall so declare and, as appropriate, affirm or modify the action of the association, or remand the case to the association for further proceedings; or

(B) if the Commission does not make any such finding, the Commission, by order, shall set aside the sanction imposed by the association and, if appropriate, remand the case to the association for further proceedings.

(2) If, after a proceeding under paragraph (1), the Commission finds that any penalty imposed on a member or person associated with a member is excessive or oppressive, having due regard for the public interest, the Commission, by order, shall cancel, reduce, or require the remission of the penalty.

(3) In a proceeding to review the denial of membership in a registered futures association or the barring of any person from being associated with a member, after appropriate notice and opportunity for a hearing (which hearing may consist solely of consideration of the record before the association and opportunity for the presentation of supporting reasons to affirm, modify, or set aside the action of the association)—

(A) if the Commission finds that—

(i) the specific grounds on which the denial or bar is based exist in fact;

(ii) the denial or bar is in accordance with the rules of the association; and

(iii) such rules are, and were applied in a manner, consistent with the purposes of this chapter.

the Commission, by order, shall so declare and, as appropriate, affirm or modify the action of the association, or remand the case to the association for further proceedings; or

(B) if the Commission does not make any such finding, the Commission, by order, shall set aside the sanction imposed by the association and, if appropriate, remand the case to the association for further proceedings.

(4) Any person aggrieved by a final order of the Commission entered under this subsection may file a petition for review with a United States court of appeals in the same manner as provided in section 9 of this title.

(j) Changes or additions to association rules

Every registered futures association shall file with the Commission in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest, copies of any changes in or additions to the rules of the association, and such other information and documents as the Commission may require to keep current or to supplement the registration statement and documents filed pursuant to subsection (a) of this section. A registered futures association shall submit to the Commission any change in or addition to its rules and may make such rules effective ten days after receipt of such submission by the Commission unless, within the ten-day period, the registered futures association requests review and approval thereof by the Commission or the Commission notifies such registered futures association in writing of its determination to review such rules for approval. The Commission shall approve such rules if such rules are determined by the Commission to be consistent with the requirements of this section
and not otherwise in violation of this chapter or
the regulations issued pursuant to this chapter,
and the Commission shall disapprove, after ap-
propriate notice and opportunity for hearing,
any such rule which the Commission determines
at any time to be inconsistent with the require-
ments of this section or in violation of this
chapter or the regulations issued pursuant to
this chapter. If the Commission does not ap-
prove or institute disapproval proceedings with
respect to any rule within one hundred and
eighty days after receipt or within such longer
period of time as the registered futures associa-
tion may agree to, or if the Commission does
not conclude a disapproval proceeding with re-
spect to any rule within one year after receipt
or within such longer period as the registered
futures association may agree to, such rule may
be made effective by the registered futures asso-
ciation until such time as the Commission dis-
approves such rule in accordance with this sub-
section.

(k) Abrogation of association rules; requests to
associations by Commission to alter or sup-
plement rules

(1) The Commission is authorized by order to
abrogate any rule of a registered future
association, if after appropriate notice and oppor-
tunity for hearing, it appears to the Commission
that such abrogation is necessary or appropriate
to assure fair dealing by the members of such
association, to assure a fair representation of its
members in the administration of its affairs or
effectuate the purposes of this section.

(2) The Commission may in writing request
any registered futures association to adopt any
specified alteration or supplement to its rules
with respect to any of the matters hereinafter
enumerated. If such association fails to adopt
such alteration or supplement within a reason-
able time, the Commission is authorized by
order to alter or supplement the rules of such
association in the manner theretofore requested,
or with such modifications of such alteration or
supplement as it deems necessary if, after appro-
priate notice and opportunity for hearing, it ap-
ppears to the Commission that such alteration or
supplement is necessary or appropriate in the
public interest or to effectuate the purposes of
this section, with respect to—

(A) the basis for, and procedure in connec-
tion with, the denial of membership or the
barring from being associated with a member
or the disciplining of members or persons asso-
ciated with members, or the qualifications re-
quired for members or natural persons associ-
ated with members or any class thereof;

(B) the method for adoption of any change in
or addition to the rules of the association;

(C) the method of choosing officers and di-
rectors.

(l) Suspension and revocation of registration; ex-
pulsion of members; removal of association
officers or directors

The Commission is authorized, if such action
appears to it to be necessary or appropriate in
the public interest or to carry out the purposes
of this section—

(1) after appropriate notice and opportunity
for hearing, by order to suspend for a period
not exceeding twelve months or to revoke the
registration of a registered futures associa-
tion, if the Commission finds that such asso-
ciation has violated any provisions of this
chapter or any rule or regulation thereunder,
or has failed to enforce compliance with its
own rules, or has engaged in any other activ-
ity tending to defeat the purposes of this chapter;

(2) after appropriate notice and opportunity
for hearing, by order to suspend for a period
not exceeding twelve months or to expel from
a registered futures association any member
thereof, or to suspend for a period not exceed-
ing twelve months or to bar any person from
being associated with a member thereof, if the
Commission finds that such member or per-
son—

(A) has violated any provision of this chap-
ter or any rule or regulation thereunder, or
has effected any transaction for any other
person who, he had reason to believe, was
violating with respect to such transaction
any provision of this chapter or any rule or
regulation thereunder;

(B) has willfully violated any provision of
this chapter, or of any rule, regulation, or
order thereunder, or has effected any trans-
action for any other person who, he had rea-
son to believe, was willfully violating with
respect to such transaction any provision of
this chapter or rule, regulation, or order; and

(3) after appropriate notice and opportunity
for hearing, by order to remove from office
any officer or director of a registered futures
association who, the Commission finds, has
willfully failed to enforce the rules of the asso-
ciation, or has willfully abused his authority.

(m) Rules requiring membership in associations

Notwithstanding any other provision of law,
the Commission may approve rules of futures as-
sociations that, directly or indirectly, require
persons eligible for membership in such associa-
tions to become members of at least one such
association, upon a determination by the Com-
mssion that such rules are necessary or appro-
priate to achieve the purposes and objectives of
this chapter.

(n) Reports to Congress

The Commission shall include in its annual re-
ports to Congress information concerning any
futures associations registered pursuant to this
section and the effectiveness of such associa-
tions in regulating the practices of the mem-
bers.

(o) Delegation to futures associations of registra-
tive functions; discretionary review by Com-
mssion; judicial appeal

(1) The Commission may require any futures
association registered pursuant to this section
to perform any portion of the registration func-
tions under this chapter with respect to each
member of the association other than a reg-
istered entity and with respect to each associ-
ated person of such member, in accordance with
rules, notwithstanding any other provision of
law, adopted by such futures association and
submitted to the Commission pursuant to sub-

section (j) of this section, and subject to the provisions of this chapter applicable to registrations granted by the Commission.

(2) In performing any Commission registration function authorized by the Commission under section 12a(10) of this title, this section, or any other applicable provisions of this chapter, a futures association may issue orders (A) to refuse to register any person, (B) to register conditionally any person, (C) to suspend the registration of any person, (D) to place restrictions on the registration of any person, or (E) to revoke the registration of any person. If such an order is the final decision of the futures association, any person against whom the order has been issued may petition the Commission to review the decision. The Commission may on its own initiative or upon petition decline review or grant review and affirm, set aside, or modify such an order of the futures association; and the findings of the futures association as to the facts, if supported by the weight of the evidence, shall be conclusive. Unless the Commission grants review under this section of an order concerning registration issued by a futures association, the order of the futures association shall be considered to be an order issued by the Commission.

(3) Nothing in this section shall affect the Commission’s authority to review the granting of a registration application by a registered futures association that is performing any Commission registration function authorized by the Commission under section 12a(10) of this title, this section, or any other applicable provision of this chapter.

(4) If a person against whom a futures association has issued a registration order under this subsection petitions the Commission to review that order and the Commission declines to take review, such person may file a petition for review with a United States court of appeals, in accordance with section 9 of this title.

(p) Establishment of rules for futures associations; approval by Commission

Notwithstanding any other provision of this section, each futures association registered under this section on January 11, 1983, shall adopt and submit for Commission approval not later than ninety days after such date, and each futures association that applies for registration after such date shall adopt and include with its application for registration, rules of the association that require the association to—

(1) establish training standards and proficiency testing for persons involved in the solicitation of transactions subject to the provisions of this chapter, supervisors of such persons, and all persons for which it has registration responsibilities, and a program to audit and enforce compliance with such standards;

(2) establish minimum capital, segregation, and other financial requirements applicable to its members for which such requirements are imposed by the Commission and implement a program to audit and enforce compliance with such requirements, except that such requirements may not be less stringent than those imposed on such firms by this chapter or by Commission regulation;

(3) establish minimum standards governing the sales practices of its members and persons associated therewith for transactions subject to the provisions of this chapter; and

(4) establish special supervisory guidelines to protect the public interest relating to the solicitation by telephone of new futures or options accounts and make such guidelines applicable to those members determined to require such guidelines in accordance with standards established by the Commission consistent with this chapter. Such guidelines may include a requirement that, with respect to a customer with no previous futures or commodity options trading experience, the member may not enter an order for the account of such customer for a period of three days following opening of the account and receipt of a signed acknowledgment by the customer of receipt of a risk disclosure statement.

(q) Major disciplinary rule violations

(1) The Commission shall issue regulations requiring each registered futures association to establish and make available to the public a schedule of major violations of any rule within the disciplinary jurisdiction of such registered futures association.

(2) The regulations issued by the Commission pursuant to this subsection shall prohibit, for a period of time to be determined by the Commission, any member of a registered futures association who is found to have committed any major violation from service on the governing board of any registered futures association or registered entity, or on any disciplinary committee thereof.

(q) Program for implementation of rules

Each futures association registered under this section shall develop a comprehensive program that fully implements the rules approved by the Commission under this section as soon as practicable but not later than September 30, 1985, in the case of any futures association registered on January 11, 1983, and not later than two and one-half years after the date of registration in the case of any other futures association registered under this section.

(r) Rules to avoid duplicative regulation of dual registrants

Consistent with this chapter, each futures association registered under this section shall issue such rules as are necessary to avoid duplicative or conflicting rules applicable to any futures commission merchant registered with the Commission pursuant to section 6(a) of this title (except paragraph (2) thereof), that is also registered with the Securities and Exchange Commission pursuant to section 78(b) of title 15 (except paragraph (1) thereof), with respect to the application of—

(1) rules of such futures association of the type specified in section 6(d) of this title involving security futures products; and

(2) similar rules of national securities associations registered pursuant to section 78-o(a) of title 15 involving security futures products.

(Sept. 21, 1922, ch. 369, §17, as added Pub. L. 93–463, title III, §301, Oct. 23, 1974, 88 Stat. 1406;

1Two subsections (q) have been enacted.

CODIFICATION

AMENDMENTS
2010—Subsec. (r)(1). Pub. L. 111–203 substituted “‘section 6d(e)’ of this title” for “‘section 6d(c) of this title’.”

2000—Subsec. (r)(1). Pub. L. 110–246, § 13105(f), substituted “‘6d(c)’” for “‘6d(3)’”.

1996—Subsec. (b)(2). Pub. L. 104–182 substituted “within” for “with in” before “the meaning”.

Subsec. (b). Pub. L. 99–484, § 107, amended subsec. (h) generally. Prior to amendment, subsec. (b) read as follows: “If any registered futures association takes any disciplinary action against any member thereof or any person associated with such a member or denies admission to any person seeking membership therein, or if any person from being associated with a member, such action shall be subject to review by the Commission, on its own motion, or upon application by any person aggrieved thereby filed within thirty days after such action has been taken or within such longer period as the Commission may determine. Application to the Commission for review, or the institution of review by the Commission on its own motion, shall operate as a stay of such action until an order is issued upon such review pursuant to subsection (i) of this section unless the Commission otherwise orders, after notice and opportunity for hearing on the question of a stay (which hearing may consist solely of affidavits and oral arguments).”

Subsec. (i). Pub. L. 99–484, § 107, amended subsec. (i) generally. Prior to amendment, subsec. (i) read as follows: “(A) finds that such member or person has engaged in such acts or practices, or has omitted such act, as the association has found him to have engaged in or omitted, and

(B) determines that such acts or practices, or omissions to act, are in violation of such rules of the association as have been designated in the determination of the association, the Commission shall by order declare such acts or practices or omissions to act to be in violation of such rules of the association as have been designated in the determination of the association, and the Commission shall likewise determine whether the order is necessary for the public interest, the Commission shall by order cancel, reduce, or require the remission of such penalty.”

such rules within thirty days of their receipt if Com-
mission approval is requested under this subsection or
within thirty days after the Commission determines to
review for approval any other rules unless the Commiss-
on notifies the registered futures association of its in-
ability to complete such approval or review within such
period of time."

Subsec. (k)(1). Pub. L. 99–541, § 110(7), substituted
"section" for "title".

"which may require the applicant to be fingerprinted,
and to submit, or cause to be submitted, such finger-
prints to the Attorney General for identification and
appropriate processing. Notwithstanding any other pro-
vision of law, such an association may receive from the
Attorney General all the results of such identification
and processing" after "adopt procedures for verifica-
tion of qualifications of the applicant",

Subsec. (h)(10). Pub. L. 97–444, § 237(b), required asso-
ciation rules to provide for "expedited" procedure,
rewording cl. (iv) as (ii) and substituting "customer"
as used in this paragraph shall not include another
member of the association" for "customer" as used in
this subsection shall not include a futures commission
merchant or a floor broker", and struck out clauses
"(ii) the procedure shall not be applicable to any claim
in excess of $15,000, (iii) the procedure shall not result
in any compulsory payment except as agreed upon be-
tween the parties."

Subsec. (d). Pub. L. 97–444, § 238(2), substituted "sec-
tion 12a(1) of this title" for "section 12a(4) of this

Subsec. (b)(h). Pub. L. 97–444, § 238(3), substituted "sub-
section (i) of this section" for "subsection (k) of this
section."

Subsec. (j). Pub. L. 97–444, § 238(4), substituted "A reg-
istered futures association shall submit to the Commiss-
on any change in or addition to its rules and may
make such rules effective ten days after receipt of
such submission by the Commission unless, within the ten-
day period, the registered futures association requests
review and approval thereof by the Commission or the
Commission notifies such registered futures associa-
tion in writing of its determination to review such
rules for approval. The Commission shall approve such
rules within thirty days of their receipt if Commission
approval is requested under this subsection or within
thirty days after the Commission determines to review
for approval any other rules unless the Commission not-
tifies the registered futures association of its inability
to complete such approval or review within such period of
time. The Commission shall approve such rules if
such rules are determined by the Commission to be
consistent with the requirements of this section and the
provisions of this chapter."

Subsecs. (c) to (q). Pub. L. 97–444, § 238(5), added sub-
secs. (o), (p), and (q).

"(7 U.S.C. 9)" after "sections 9 and 15 of this title."

Subsec. (b)(10). Pub. L. 95–405, § 22(2), substituted
"$15,000" for "$5,000."

"section" for "section" wherever appearing.

(m) and redesignated former subsec. (m) as (n).

**Effective Date of 2010 Amendment**

Amendment by Pub. L. 111–203 effective on the later of:
360 days after July 21, 2010, or, to the extent a provision of subtitle A (§§711–754) of this title:
Pub. L. 111–203 requires a rulemaking, not less than 60 days after publication of the final rule or regulation im-
plementing such provision of subtitle A, see section 754 of
Pub. L. 111–203, set out as a note under section 1a of
this title.

**Effective Date of 2008 Amendment**


**Effective Date of 1983 Amendment**

Amendment by Pub. L. 95–405 effective Oct. 1, 1978,
see section 28 of Pub. L. 95–405, set out as a note under
section 2 of this title.

**Effective Date of 1978 Amendment**

Amendment by Pub. L. 95–405 effective Oct. 1, 1978,
see section 28 of Pub. L. 95–405, set out as a note under
section 2 of this title.

**Effective Date**

For effective date of section, see section 418 of Pub.
L. 93–463, set out as an Effective Date of 1974 Amend-
ment note under section 2 of this title.

**Implementation**

Section 204(b) of Pub. L. 102–546 provided that: "The
guidelines required under section 17(p)(4) of the Com-
modity Exchange Act [7 U.S.C. 21(p)(4)] (as added by
subsection (a) of this section) shall be submitted by a
futures association registered with the Commodity Fu-
tures Trading Commission on the date of enactment of
this Act [Oct. 28, 1992] to the Commission for the ap-
proval of the Commission not later than one hundred
and eighty days after the date of enactment of this Act."

**Study on Computerized Futures Trading**

Pub. L. 102–546, title II, § 220(b), (c), Oct. 28, 1992, 106
Stat. 3614, provided that:

"(1) a study conducted by the Commission
shall be made under initiatives to conduct
trading in futures and options subject to the juris-
diction of the Commission under the Commodity Ex-
change Act [7 U.S.C. 1 et seq.] through systems of
computerized trading in futures and options markets,
which may be operated by such associations or by
other electronic means; and

"(2) whether the experience with such systems of
trading indicates that they may be useful or effective
to enhance access to the futures and options markets
by potential financial market participants, improve the ability
of the Commission to audit the activities of the futures
and options markets, reduce the opportunity
for trading abuses, and otherwise be in the public in-
terest or raise other related issues.

"(c) REPORT.—Not later than two years after the date of
enactment of this Act [Oct. 28, 1992], the Commission
§ 22. Research and information programs; reports to Congress

(a) The Commission shall establish and maintain, as part of its ongoing operations, research and information programs to (1) determine the feasibility of trading by computer, and the expanded use of modern information system technology, electronic data processing, and modern communication systems by commodity exchanges, boards of trade, and by the Commission itself for purposes of improving, strengthening, facilitating, or regulating futures trading operations; (2) assist in the development of educational and other informational materials regarding futures trading for dissemination and use among producers, market users, and the general public; and (3) carry out the general purposes of this chapter.

(b) The Commission shall include in its annual reports to Congress plans and findings with respect to implementing this section.


Effective Date

For effective date of section, see section 418 of Pub. L. 93–463, set out as an Effective Date of 1974 Amendment note under section 2 of this title.

§ 23. Standardized contracts for certain commodities

(a) Margin accounts or contracts and leverage accounts or contracts prohibited except as authorized

Except as authorized under subsection (b) of this section, no person shall offer to enter into, enter into, or confirm the execution of, any transaction for the delivery of any commodity under a standardized contract commonly known to the trade as a margin account, margin contract, leverage account, or leverage contract, or under any contract, account, arrangement, scheme, or device that the Commission determines serves the same function or functions as such a standardized contract, or is marketed or managed in substantially the same manner as such a standardized contract.

(b) Permission to enter into contracts for delivery of silver or gold bullion, bulk silver or gold coins, or platinum; rules and regulations

(1) Subject to paragraph (2), no person shall offer to enter into, enter into, or confirm the execution of, any transaction for the delivery of silver bullion, gold bullion, bulk silver coins, bulk gold coins, or platinum under a standardized contract described in subsection (a) of this section, contrary to the terms of any rule, regulation, or order that the Commission shall prescribe, which may include terms designed to ensure the financial solvency of the transaction or prevent manipulation or fraud. Such rule, regulation, or order may be made only after notice and opportunity for hearing. The Commission may set different terms and conditions for transactions involving different commodities.

(2) No person may engage in any activity described in paragraph (1) who is not permitted to engage in such activity, by the rules, regulations, and orders of the Commission in effect on November 10, 1986, until the Commission permits such person to engage in such activity in accordance with regulations issued in accordance with subsection (c)(2) of this section.

(c) Survey of persons interested in engaging in transactions of silver and gold, etc.; assistance of futures association; regulations

(1)(A) Not later than 2 years after November 10, 1986, the Commission shall—
(i) with the assistance of a futures association registered under this chapter, conduct a survey concerning the persons interested in engaging in the business of offering to enter into, entering into, or confirming the execution of, the transactions described in subsection (b)(1) of this section; and
(ii) transmit a report of the results of the survey to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(B) Notwithstanding any other provision of law, for purposes of completing such report the Commission may direct, by rule, regulation, or order, a futures association registered under this chapter to render such assistance as the Commission shall specify.

(C) Such report shall include the findings and any recommendations of the Commission concerning—
(i) whether such transactions serve an economic purpose;
(ii) the most efficient manner, consistent with the public interest, to permit additional persons to engage in the business of offering to enter into, entering into, and confirming the execution of such transactions; and
(iii) the appropriate regulatory scheme to govern such transactions to ensure the financial solvency of such transactions and to prevent manipulation or fraud.

(2) The report shall also include Commission regulations governing such transactions. The regulations shall provide for permitting additional persons to engage in such transactions. The regulations shall become effective on the expiration of 90 calendar days on which either House of Congress is in session after the date of the transmittal of the report to Congress. The regulations—
(A) may authorize or require, notwithstanding any other provision of law, a futures association registered under this chapter to perform such responsibilities in connection with such transactions as the Commission may specify; and
(B) may require that permission for additional persons to engage in such business be given on a gradual basis, so as not to place an undue burden on the resources of the Commission.

(d) Savings provision

This section shall not affect any rights or obligations arising out of any transaction subject to