

Corporate & Financial Weekly Digest

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NFA Sets Effective Date for Amendments to "Know-Your-Customer" Rule

Co-authored by [Joshua Penner](#)

The National Futures Association (NFA) has set an effective date of January 3, 2011 for changes to its Compliance Rule 2-30 and the associated Interpretive Notice, which set out "know-your-customer" and customer risk disclosure requirements for NFA member firms.

The amended rules expand Compliance Rule 2-30 to cover all customers who are not eligible contract participants (rather than covering only natural persons, as is currently the case); require futures commission merchants (FCMs) to periodically request updated account information from their active customers; require the NFA member that currently solicits and communicates with a customer (whether the clearing FCM, a separate introducing FCM, an introducing broker or commodity trading advisor) to determine, based on any updated account information received by the clearing FCM, whether additional risk disclosure to the customer is necessary; and prohibit NFA members and their associated persons from making individualized recommendations to customers who have been (or should have been) advised that futures trading is too risky for them.

The NFA notice can be found [here](#).

Katten Muchin Rosenman LLP
Charlotte Chicago Irving London Los Angeles New York Washington, DC