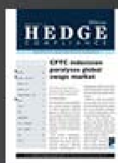
HFMWEEKONLINE

Sign up for your FREE 6 week trial to HFMCompliance 6 Weeks FREE

HFMCOMPLIANCE


HFMCompliance MAGAZINE

SIGN UP TODAY FOR FULL INSTANT ACCESS

SUBSCRIBE

Exclusive: NFA By-law 1101 focus surprises hedge funds

Posted on **May 20, 2014** by **Maiya Keidan**

2

A National Futures Association (NFA) by-law that prohibits members from doing business with non-members, that should be registered, in the eyes of the NFA, with the self-regulatory organisation is being heavily targeted in audits, HFMCompliance has learned.

"Some of the issues that have been important to the NFA on audits have surprised hedge fund managers," said Deborah Monson at Ropes & Gray, adding that by-law 1101 was an example. "By-law 1101 is a priority for the NFA, so they are asking for that due diligence."

"The NFA asks about 1101 constantly," said Scott Moss at Lowenstein Sandler.

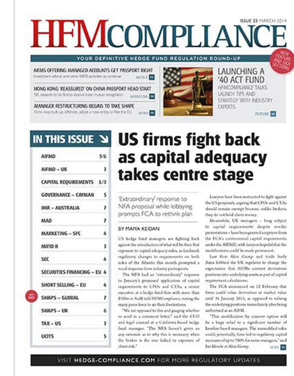
Douglas MacLean at Armor Compliance said: "Many hedge fund managers who have recently registered as a commodity pool operators (CPOs) with the CFTC and become members of the NFA as a result of the elimination of CFTC Rule 4.13(a)(4) are not aware of the ongoing compliance required by by-law 1101.

"This lack of awareness becomes apparent during NFA audits when deficiencies are found in their compliance program with regard to this rule."

"NFA by-law 1101 has always and will continue to be a critical component of our supervisory programs and a focus during our examinations," said Karen Wuertz at the NFA via email.

"Although by-law 1101 imposes strict liability on any member conducting customer business with a non-member that is required to be registered, the NFA has consistently not applied a strict

View the latest issue online >>


HFMCOMPLIANCE

US firms fight back as capital adequacy takes centre stage

NEWS

Esma launches MiFID II consultation

European regulator Esma has launched a consultation on implementing MiFID II after European politicians finally reached an agreement on the legislation in January following … read more »

Exclusive: UK Supreme Court ruling to spark LLP revamp

liability standard in determining whether to bring an enforcement action against a member who has violated the requirement," she added. "NFA looks at the due diligence conducted by the member and whether based on its due diligence, the member knew or should of known that it was doing customer business with a non-member."

Related Posts:

Little-known NFA law adds to manager due diligence burden

CTA extension due to "industry feedback" says NFA

Compliance Comment: National Futures Association

NFA to dispense new fee for non-disclosure

Divide and Conquer: The CFTC/ NFA Relationship

This entry was posted in **Dodd-Frank**, **News** and tagged **by-law 1101**, **CFTC**, **Commodity Pool Operator**, **CPO**, **National Futures Association**, **NFA**, **US** by **Maiya Keidan**. Bookmark the **permalink**.

Comments are closed.

Hedge fund managers may have to alter contracts for Limited Liability Partnership (LLP) members who qualify as 'workers' after a Supreme Court ruling on ... read more »

CFTC doles out first whistleblower payout

An award of approximately $240,000 is to be awarded to a whistleblower for providing valuable information about violations of the Commodity Exchange Act, the ... read more »

EVENTS

HFMWeek European Hedge Fund Services Awards

The HFMWeek European Hedge Fund Services Awards take place on Thursday 27 March 2014, at the fantastic venue, The Hurlingham Club, London. At a prestigious ceremony, the industry's leading hedge … read more »

HFMWeek: European Hedge Fund Performance Awards 2014

The HFMWeek European Hedge Fund Performance Awards take place on the evening of Thursday 27 March 2014, at the fantastic venue, The Hurlingham Club, London, where the industry's leading … read more »

HFMWeek US Breakfast Briefing: Taking the leap – how to reach the next AuM bracket

Speakers Bill Saltus, Head of Hedge Fund Technology Consulting, Citi Prime Finance Greg Farrington, Managing Director, Constellation Investment Consulting Joel S. Salomon, Portfolio Manager, SaLaurMor Capital LP Bill Kelly, COO, … read more »

VISIT OUR OTHER SITES

Choose a Website...

Copyright 2014 HFMCompliance.

pageantmedia

Web Design by Webbyweb Design