



NFA Self-Exam Checklist - Commodity Trading Advisors (CTAs Only)

2010

Introduction

Each NFA Member Firm must complete a yearly self-examination checklist and maintain the completed checklist as part of the firm's books and records. Mallon P.C. has prepared this guide to help managers complete the self-examination process as quickly and efficiently as possible.

Note: you should have already completed the general checklist for all NFA Member Firms.

Overview

This checklist covers the following categories:

- Disclosure Document
- Bunched Orders
- Post-Execution Allocation of Bunched Orders

Instructions for completing this checklist can be found at <http://www.hedgefundlawblog.com/nfa-self-examination-checklist-2010-fcms-ibs-cpos-and-ctas>. If you have questions regarding your firm's compliance program or this self-exam checklist, please feel free to contact a compliance associate at Mallon P.C.

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Disclosure Document		
Review	Notes	Initials
File disclosure document and any amendments with NFA electronically at least 21 calendar days prior to the date you first intend to solicit clients with the document.		
File amendments or a new disclosure document when the existing document becomes materially incomplete or inaccurate.		
Provide prospective clients with a disclosure document, including any existing amendments, which is nine months old or less prior to directing or guiding a client's account.		
Provide existing clients with all amendments to the disclosure document.		
If disclosure document comment letters are received from NFA, promptly correct the document and submit your corrections to NFA.		
Prepare the disclosure document in accordance with NFA Rules and CFTC Regulations.		
Maintain signed and dated acknowledgments of receipt of disclosure documents from each client.		
Calculate fees in accordance with the disclosure document.		
For fees collected directly from clients instead of from the carrying broker, reflect the amount in the performance record supporting worksheets as an addition and as a debit to net performance.		

Bunched Orders		
Review	Notes	Initials
Maintain specific allocation procedures that are fair and equitable so that no account or group of accounts receives consistently favorable or unfavorable treatment.		
Ensure that all customer accounts have the correct allocation of contracts on each trade.		
Analyze each trading program at least once a quarter to ensure the allocation method has been fair and equitable. Maintain records of the review and any deficiencies that are discovered through the review.		

Post-Execution Allocation of Bunched Orders		
Review	Notes	Initials
<p>Make the following information available to customers upon request:</p> <ul style="list-style-type: none"> ▪ the general nature of the allocation methodology ▪ a summary of composite data sufficient for a customer to compare his results with those of other relevant customers and any account in which the account manager has an interest ▪ an indication whether any account in which the account manager has an interest can be included with customer accounts in bunched orders 		
<p>Prior to the end of the trading day, provide the clearing FCM with information concerning the number of contracts to be allocated to each account included in the bunched order along with instructions for the allocation of split and partial fills among accounts.</p>		
<p>If fill prices are allocated by an FCM, maintain a written agreement with the FCM that clearly describes that the FCM is responsible for the allocation.</p>		

Additional Notes

Please use this area to describe any issues or potential issues which were identified through the self-examination.