

EXCHANGE ANALYTICS INC.

2019 Noncompetitive Trading: EFRPs and Block Trades Course Outline and Provider Qualifications

I. Introduction/Regulatory Overview

II. Requirements for Authorized Non-Competitive Trades

- a. Pre-Execution Communication Rules
- b. Consent
- c. Confidentiality and Unfair Advantage

III. Block Trades

- a. Quantity Thresholds
- b. Eligible Contract Participants
- c. Common Beneficial ownership
- d. Fair Pricing
- e. Execution and Reporting
- f. Reporting Mechanics and Responsibility
- g. Documentation and Record Retention
- h. Pre-Hedging

IV. Exchange for Related Positions

- a. The Parties to an EFRP
- b. Common Beneficial Ownership or Common Control
- c. Related Positions
- d. Price, Quantity and Timing
- e. Transitory EFRPs
- f. Recordkeeping and Reporting
- g. Problem Areas
- h. Errors
- i. Escalation to Compliance for Issues or Questions
- j. Wash Sales

V. Illustrative Cases

VI. Quiz

About the Course Authors

Marc Nagel serves as an advisor to Exchange Analytics and was the main course author. Mr. Nagel recently retired as Chief Operating Officer and Chief Compliance Officer of a clearing Futures Commission Merchant. He serves on the Futures Commission Merchant Advisory Committee of the National Futures Association. In addition, he is on the Advisory Board of the IIT- Chicago Kent College of Law Futures and Derivatives Conference, the Advisory Board of the Commodity Customer Coalition, and the Advisory Board of the CTA Expo. Mr. Nagel is employed as a futures industry compliance consultant and expert witness. He is a licensed CPA and attorney, admitted to the State of Illinois Supreme Court, the U.S. District Court for the Northern District of Illinois, and the U.S. Tax Court. Mr. Nagel is a registered Floor Broker and has held various Exchange memberships since 1979. Mr. Nagel received his BS in Accountancy and CPA from the University of Illinois and his JD from IIT/Chicago Kent College of Law.

Lawrence D. Israel served as co-author. He has been continuously registered with the National Futures Association from March 11, 1981 through the present, and is a 30 year member of the Chicago Board of Trade. During that time Mr. Israel has been extensively involved in the futures and securities industry, serving on a variety of committees at the CBOT, including Arbitration and Education. In 2008 Mr. Israel was appointed to both the Business Conduct Committee and Probable Cause Committee of the Chicago Board of Trade/CME Group. Mr. Israel was Chairman of the Associate Members Committee (financial traders), and serves as an Arbitrator for the National Futures Association. He has served as an expert witness in both Federal Court and arbitrations in disputes involving futures trading, as well as testifying in criminal proceedings for the United States Department of Justice. Mr. Israel served as an adjunct lecturer at Northwestern University where he taught courses about the futures, securities and options markets. Mr. Israel earned his BS in Economics from the University of Illinois Champaign-Urbana and his MBA from the University of Chicago. He is a Certified Anti-Money Laundering Specialist.