

EXCHANGE ANALYTICS INC.

2021 Customer Protection Rule Training Course Outline

Section I: Customer Funds

1. Customer Protection Rule Requirements
2. Types of Customer Funds and Requirements
 - a. Customer Segregated Funds
 - b. Customer Secured Funds
 - c. Cleared Swaps Customer Collateral
3. LSOC
4. Commingling/Single Wire Issue
5. Investment of Customer Funds
6. Currencies
7. Residual Interest and Segregation Calculations
8. Residual Interest Target
9. Disbursements
10. To or For the Benefit
11. Customer Deposits
12. Joint Audit Committee

Section 2: Reporting

1. Financial Reporting – Electronic Filing
2. Notice Filing
3. New Filing Requirements
4. Capital and Liquidity

Quiz

Section 3: Disclosures

1. Risk Disclosures
2. Firm-Specific Risk Disclosures
3. Web Posting

Section 4: Risk Management

1. Risk Management Program
 - a. Risks to be Monitored
 - b. Risk Exposure Reports
 - c. Segregation Risks
 - d. Operational/Capital Risk
2. CFTC Guidance
 - a. Risk Management Unit

- b. Risk Management Program
- c. Risk Exposure Reports
- 3. Clearing FCM Risk Management
- 4. Consequences of Failing to Comply
- 5. Training
- 6. Reporting Breaches
- 7. NFA Customer Funds Cases
- 8. CFTC Customer Funds Cases

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 and on the Advisory Board of the IIT- Chicago Kent College of Law Futures and Derivatives Conference. 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.