

Initial Futures Ethics Training 2026

Course Outline and Provider Qualifications

Welcome to the Exchange Analytics Initial Professional Conduct and Responsibility Program, also known as the **Initial Futures Ethics Training Course**. This course emphasizes the necessity of applying ethical values, along with knowledge of the laws and regulations in the industry, to achieve honest and fair treatment of the public. It is part of a firm's supervisory responsibilities to provide its registered sales and supervisory staff with ethics training. Generally, firms require that new registrants attend an initial training session, such as this one, within six months of registration, and periodically update their training thereafter. The Commodity Exchange Act (CEA) requires that all registrants be aware and stay informed of their continuing obligations to the public. This course meets the Commodity Futures Trading Commission's ethics training requirements under the CEA. All topics required by the CFTC's Statement of Acceptable Practices are addressed in Exchange Analytics' Initial Futures Ethics training program. Exchange Analytics was originally authorized to provide ethics training by the CFTC in 1995.

Preface

Ethics Training is a Regulatory Requirement

CFTC Statement of Acceptable Practices

- I. Industry Structure and Rules
 - a. Industry Oversight
 - b. Role of the NFA
 - c. Registration Categories – NFA Members
 - d. Proficiency Requirements
 - e. Knowledge Check
- II. Supervisory Systems and Internal Controls
 - a. Supervision
 - b. Policies and Procedures
 - c. Internal Controls – Three Lines of Defense
 - d. Chief Compliance Officer
 - e. Compliance Department
 - f. Reporting Breaches
 - g. Whistleblowers
 - h. NFA Bylaw 1101
 - i. Business Continuity
 - j. Cybersecurity
 - k. Recordkeeping – Generally

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- I. Retention Requirements – Oral Communications
 - m. Oral Communication Records and Rules
 - n. Personal Devices and Unapproved Communication Methods
 - o. Unapproved Communication Methods and Requirements
 - p. Knowledge Check
- III. Customer Due Diligence
 - a. Know Your Customer
 - b. Suitability
 - c. Customer Information
 - d. Collecting Customer Information
 - e. Evaluating Customer Information
 - f. Anti-Money Laundering
 - g. Beneficial Ownership
 - h. Funding the Customer Account
 - i. Segregation of Funds
 - j. Customer Margins
 - k. Margin Calls
 - l. Knowledge Check
- IV. Customer Disclosures
 - a. Understand Risks
 - b. Risk Disclosure
 - i. Futures
 - ii. Options on Futures
 - c. Negative Interest Rates
 - d. Negative Contract Pricing
 - e. Non-Cash Margin Disclosure
 - f. Additional Risk Disclosures
 - g. Firm-Specific Risk Disclosures
 - h. Web Postings
 - i. Promotional Material
 - i. Disclaimers, Review & Approval
 - ii. Restrictions
 - iii. Forex
 - iv. Virtual Currency
 - j. Disclaimer Statements – Hypotheticals
 - k. Knowledge Check
- V. Honesty, Fairness & Market Integrity
 - a. Code of Ethics
 - b. Misrepresentation
 - c. False Statements
 - d. Breach of Fiduciary Duty
 - e. Allocation of Bunched Orders
 - f. Suspense Accounts

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- g. Average Price Systems
 - h. AI Washing
 - i. Knowledge Check
- VI. Conflicts of Interest
 - a. Conflicts of Interest – Customers
 - b. Commissions
 - c. Conflicts of Interest – Within the Firm
 - d. Research and Business Unit Conflicts
 - e. Appearance of a Conflict
 - f. Avoiding Ethical Dilemmas
 - g. Knowledge Check
- VII. Just and Equitable Principles of Trade
 - a. Who May Place Orders
 - b. Unauthorized Trading
 - c. Broker Discretion
 - d. Order Execution and a Broker's Responsibility
 - e. Errors
 - f. Trading Recommendations
 - g. Trading Ahead
 - h. Trading Standards
 - i. Churning
 - j. Automated Order Routing
 - k. Automated Trading Systems
 - l. Understanding and Managing AI Risks
 - m. Manipulation
 - n. Anti-Fraud Restrictions
 - o. Insider Trading and Misappropriated Information
 - p. Disruptive Trading Practices
 - q. Violating Bids and Offers
 - r. Orderly Execution During the Closing Period
 - s. Spoofing
 - t. Canceling Orders and the Pre-Opening State
 - u. Pre-arranged Trading
 - v. Cross Orders
 - w. Wash Sales
 - x. Position Limits
 - y. Position Limits – Hedge Exemptions
 - z. Ownership and Control
 - aa. Deliveries
 - bb. Option Exercises and Assignments
 - cc. General Offenses
 - dd. Knowledge Check
- VIII. Introduction to Case Studies

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- a. Case Study 1 – AI Washing
 - b. Case Study 2 – Promotional Material
 - c. Case Study 3 – Suitability
 - d. Case Study 4 – Disruptive Trading Practices
- IX. Assessment

Provider Qualifications - About the Authors

In its Interpretative Notice on Compliance Rule 2-9: Ethics Training Requirements, the National Futures Association states that 1) “Each Member should ensure that its selected provider is qualified and obtain proof that the provider has completed relevant proficiency testing and has three years of relevant industry experience, or similar experience;” and 2) that “Firms should only use providers that they reasonably in good faith believe are not subject to any investigations or bars from registration.” To address those requirements, Exchange Analytics presents the following information on the individuals who prepared this course material:

Marc Nagel serves as an advisor to Exchange Analytics and primary course author. He retired as Chief Operating Officer and Chief Compliance Officer of a clearing Futures Commission Merchant and currently works as a futures industry compliance consultant and expert witness. Mr. Nagel 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. 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. Mr. Nagel (NFA ID 0194163) is not subject to any investigations or bars from registration. He has no regulatory actions or other disciplinary history.

Joseph Adamczyk served as a co-author. Prior to his affiliation with Exchange Analytics, he served as the Chief Compliance Officer for Options Clearing Corporation (OCC). Mr. Adamczyk oversaw the firm’s compliance risk monitoring and governance programs, advised the board of directors and staff on compliance and regulatory requirements, and interacted with federal regulators on compliance, risk, and examination matters. Before joining OCC, Mr. Adamczyk worked at CME Group where he served as the Managing Director & Associate General Counsel overseeing the company’s non-U.S. legal staff and activities. In this role, he interacted with regulators from around the globe. He also handled CME Group’s interactions with U.S. regulators and other authorities on cybersecurity and technology controls, requirements, cyber incident response, and examinations. At CME Group, Mr. Adamczyk also served as the Global Head of Investigations and Enforcement in the Market Regulation Department. In that role, he oversaw teams responsible for monitoring, investigating, and enforcing the CME Group exchanges’ trade practice rules and other requirements. Mr. Adamczyk received his MBA from the University of Chicago, law degree from Loyola University Chicago School of Law, and undergraduate degree from DePaul University. He has no regulatory actions or other disciplinary history.