

# **federal register**

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**PART IV**



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## **COMMODITY FUTURES TRADING COMMISSION**

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### **REGISTRATION FORMS FOR FUTURES MERCHANTS**

**Proposed Revision**

## COMMODITY FUTURES TRADING COMMISSION

[ 17 CFR Part 1 ]

### REGISTRATION FORMS

#### Proposed Revision of Forms and Proposed Amendment of Related Rules

The Commodity Futures Trading Commission ("Commission") has made a comprehensive review of the forms which are required to be filed by applicants for registration as futures commission merchants, floor brokers, associated persons, commodity trading advisors and commodity pool operators and, as a result, is proposing the adoption of two new forms with supplemental schedules to replace the six forms presently in use.<sup>1</sup> The changes will reduce the filing burden for some applicants and will streamline the Commission's processing of the forms. More importantly, revisions in the forms will better serve the purposes of registration under the Commodity Exchange Act ("Act").

An important reason for the registration requirement under the Act is to assure that persons in the commodities industry are fit to engage in the business for which application for registration is made. In this regard, section 8a(2) of the Act authorizes the Commission to deny registration to any person if certain adverse actions<sup>2</sup> have been taken against the applicant, or against a general partner if the applicant is a partnership, or against an officer or holder of more than 10 percent of the stock if the applicant is a corporation. In addition to specified adverse actions, the Commission may refuse to register any person "for other good cause shown." Also, section 4n of the Act authorizes the Commission to deny registration to commodity trading advisors or commodity pool operators if specified adverse actions have been taken against the applicant or against "any partner, officer, director, person performing similar function or any controlling person thereof." The questions dealing with prior adverse actions asked on the present application forms were found to be subject to misinterpretation by applicants. Accordingly, the questions have been made more ex-

PLICIT and in some instances broadened so that the responses will provide adequate information to enable the Commission to form a basis for granting or denying registration in accordance with the standards contained in sections 4n and 8a(2) of the Act and the Commission's interpretation of "other good cause shown."<sup>3</sup>

At the same time as the adverse action questions were being revised, other items respecting the forms were reviewed in the light of experience gained since the 1974 amendments to the Act when associated persons, commodity pool operators and commodity trading advisors were required to register for the first time. It was also determined that the processing of applications needed streamlining as the number of applicants in the various categories continue to increase. Further increases are expected as the result of the Commission's regulations requiring persons engaged in the commodity option business to register as futures commission merchants and associated persons, thereby increasing the number of registrants in those categories.<sup>4</sup>

The Commission is also proposing, at this time, corresponding changes in § 1.10(a), § 1.10b, § 1.10c and § 1.10d of its regulations which deal with registration of futures commission merchants, associated persons, commodity trading advisors and commodity pool operators, and § 1.14 which concerns corrections and additions to the applications. Also, a new § 1.10a is proposed respecting the registration of floor brokers (presently included in § 1.10(a)). Additional minor changes in these and other regulations relating to registrations are being proposed to bring them in line with established Commission policy.

#### SUMMARY OF PROPOSED REVISION OF FORMS

The new Form 7-R, set forth in Appendix A to this notice, is to be used by sole proprietors, partnerships and corporations applying for registration as futures commission merchants, commodity trading advisors or commodity pool operators and will replace Forms 1-R, 5-R and 6-R, respectively. The new Form 8-R, set forth in Appendix B, relates to individuals and will be used by applicants for registration as floor brokers or associated persons and will replace Forms 2-R and 4-R, respectively. The new Form 3-R will also serve as a supplement to Form 7-R to obtain biographical and other information about specified persons affiliated with futures commission merchants, commodity trading advisors or commodity pool operators and who are not required to register as associated persons. In this respect, Form 8-R replaces present Form 94.

#### PROPOSED FORM 7-R

Basically, Form 7-R contains those items which are common to the three present forms which it will replace. Other information required by the Act will

be obtained on supplemental Schedule A which must be completed by persons applying for registration as futures commission merchants, on supplemental Schedule B to be completed by commodity trading advisors, and on supplemental Schedule C to be completed by commodity pool operators. The combination of forms reduces the paperwork for those firms and their principals where the firms are simultaneously registering or reregistering in more than one category. Separate registration fees for each category are still required, however. If a firm is applying for registration or renewal of registration in more than one capacity and these applications are not made at the same time, or are not to be filed at the same regional office of the Commission,<sup>5</sup> the applicant may avoid filling out two or more complete forms by cross-referencing the information form one form to the other.<sup>6</sup>

The uniformity of applications provides a further paperwork saving whenever it is necessary for a multiple registrant to report any interim changes since its last filing. The registrant may send one notice to the Commission which will serve to update all of the registrant's application forms.<sup>7</sup>

The major change in Form 7-R from the present forms is in the content of the questions concerning prior adverse actions against the applicant (i.e., items 8A through 8F) and the fact that the questions will apply only to the applicant firm itself. On the present Forms 1-R, 5-R and 6-R, these questions are also applicable to the principals of the applicant; however, because such persons are not required to sign the firm's application form, they never directly attest

<sup>5</sup> Persons registering as futures commission merchants file their applications at the nearest regional office of the Commission while persons registering as commodity trading advisors and commodity pool operators file at the Commission's Eastern Regional Office in New York City.

<sup>6</sup> The Commission considered adopting the Securities and Exchange Commission's Form BD, the uniform registration form for broker-dealers, which is also used by the National Association of Securities Dealers, Inc. and by most state securities regulatory authorities. The Commission believes, however, that the Form BD would not be an acceptable substitute for the proposed application form for futures commission merchants, commodity trading advisors and commodity pool operators. One major reason is the fact that Form BD could not be readily used for renewal of applications. Under the Commission's present system, and proposed system, most of the information furnished in the registrant's previous replies is preprinted by computer on the application for renewal which is sent to the registrant. The format of proposed Form 7-R is specifically designed for these computer preprints. The registrant merely verifies the preprinted data, makes corrections and additions if necessary, and answers the questions on prior adverse actions, since replies to these questions are not preprinted. Some of the information on the proposed Schedule A of Form 7-R will also be preprinted.

<sup>7</sup> Interim changes are presently reported and will continue to be reported on Form 3-R.

<sup>1</sup> Presently a separate registration form is being used for each of the five categories of registrants and a sixth form is used for obtaining biographical information about principals and branch office managers of firms registering as futures commission merchants, commodity trading advisors and commodity pool operators.

<sup>2</sup> As used in this notice, the term "adverse actions" means those grounds for denial of registration set forth in sections 4n and 8a(2) of the Act, which may include, for example, any criminal liability, any civil liability for actions involving fraud, abuse of fiduciary responsibility or misuse of funds or property of others, actions taken by state or federal regulatory authorities such as the SEC, or quasi-governmental bodies such as the NASD, or any other actions which the Commission determines constitute "good cause" under section 8a(2) of the Act.

<sup>3</sup> 40 FR 28125 (July 3, 1975).

<sup>4</sup> 41 FR 51808 (November 24, 1976).

to the accuracy of the replies. Under the proposed system, each of these individuals will be required to file a separate Form 8-R which contains similar questions with regard to the individual and which is to be certified by the individual. The Commission believes this is a more effective regulatory approach.

Because Form 7-R, including details of any adverse actions against the applicant, will be placed in a public file, and in recognition of the fact that the Privacy Act<sup>5</sup> applies to individuals, sole proprietors are instructed not to answer Items 8A through 8F. This information will be obtained from their Form 8-R filings. The privacy treatment afforded these filings is discussed below.

The combined Form 7-R changes somewhat the coverage of persons who are considered principals of the applicant and whose names are to be shown in Item 5 of the application. Although the changes are slight, their importance should not be overlooked. The Commission investigates the background of the principals of the applicant as well as the applicant in determining an applicant's fitness to engage in the business for which it seeks registration. Unusual titles or financial arrangements may mask the true nature of ownership or control of the applicant and thus impede the ability of the Commission to ascertain the applicant's fitness for registration. Accordingly, the categories of persons about whom information is required by proposed Form 7-R has been broadened in some instances from the persons covered by present Forms 1-R, 5-R and 6-R.

The proposed form requires the applicant to list the name and title of the proprietor, each general partner, each officer and director, any person performing similar functions, and any other controlling person of the applicant. The instructions to the form clarify that, for the purposes of the form, "other controlling person" includes, but is not limited to: holders of more than 10% of the outstanding shares of any class of voting stock of the applicant, if the applicant is a corporation; any persons who have contributed more than 10% of the capital of the applicant; and any persons possessing the power to direct or cause the direction of the management or policies of the applicant, including any such persons who have made loans to the applicant.

On the present Forms 1-R, 5-R and 6-R, all limited partners of a partnership applicant must be listed whereas, on the new form, only those limited partners who fall within the definition of "other controlling person" are to be included. Also, the "other controlling person" definition may encompass more stockholders than under the present requirement to identify "owners of 10% or more of the capital stock of the applicant."

The "other controlling person" definition, as indicated above, specifically includes certain creditors of the applicant

<sup>5</sup> 5 U.S.C. 552a (Supp. IV, 1974).

and contributors of more than 10 percent of the capital. These persons may not have been included in the former applications of commodity trading advisors and commodity pool operators which asked only that persons performing functions similar to those of a sole proprietor, partners, officers or directors be listed.

Similar to the Commission's present requirements, each individual enumerated in Item 5 of Form 7-R and each branch office manager, as listed in Item 6, is required to file biographical and other information proposed on Form 8-R. Excepted from such requirement are individuals who are currently registered as floor brokers or associated persons or whose application for such registration is pending.<sup>6</sup>

If a person registered as a futures commission merchant, commodity trading advisor or commodity pool operator is applying for renewal of its registration and the biographical information for any individual named in Items 5 or 6 has previously been furnished, either on Form 8-R or present Form 94 which it replaces, no new filing will be required by such individual. This continues the present practice. However, the Commission intends to recheck registrants and their principals from time to time and will require new filings by the firms' principals at that time. This is stated in the instructions to proposed Form 7-R and in proposed amended regulations §§ 1.10 (a), 1.10c and 1.10d.

#### SCHEDULES A, B AND C OF FORM 7-R

These supplemental schedules, which are part of the form, request information which is unique to each type of registrant. Generally, the questions on Schedules A, B and C parallel those which now appear on Forms 1-R, 5-R and 6-R, respectively. The following additional information is called for, however:

Schedule A for applicants as futures commission merchants asks, in Item 5, whether the applicant engages in, or intends to engage in, commodity option transactions pursuant to Part 32 of the regulations under the Act. This is in recognition of the Commission's regulation requiring registration of these persons as futures commission merchants.

Schedule B for commodity trading advisors asks, in Item 2(b), for the number of clients and/or subscribers which the advisor has. This is primarily to show the size of the firm and, in turn, the overall size of the industry.

Schedule C for commodity pool operators asks, in Item 3A, for total assets

<sup>6</sup> It should be noted that many of the individuals listed in Items 5 and 6 by an applicant for registration as a futures commission merchant are required by the Act and the Commission's regulations concerning options (41 FR 51808, November 24, 1976) to register as associated persons and to pay a \$20 registration fee. Such individuals are those associated with the applicant in the solicitation or acceptance of customers' orders for commodity futures contracts or commodity options (other than in a clerical capacity), or the supervision of any person or persons so engaged.

and net assets at the last month-end of each pool which the applicant manages. This replaces a question on Form 6-R asking for initial capitalization of each pool. The revised question is more meaningful, particularly for reregistrations where the pools are already in operation since this will indicate the current size of the pool. In addition, Schedule C asks for the net worth of the pool operator at the last month-end.

It should also be noted that item 4(a) on Form 7-R concerning the form of organization of the applicant applies to the pool operator rather than to the pool. Thus, a single individual who is the general partner of a limited partnership pool should check the sole-proprietorship (individual) box as the appropriate form of organization. The relationship of the registrant, i.e., general partner, to the commodity pool which he operates is to be shown in Item 2 of Schedule C of the form.

#### PROPOSED FORM 8-R

Form 8-R would replace Form 2-R, "Registration of Floor Brokers," and Form 4-R, "Registration of Associated Persons," as well as Form 94 referred to above. Form 4-Ra which is presently filed by an applicant for registration as an associated person who confines his activities to areas outside the United States, its territories or possessions is not being replaced or revised.

Like Forms 4-R and 94, proposed Form 8-R relates primarily to the background of the individual. Floor brokers will be required to submit a brief Schedule A of Form 8-R in addition to Form 8-R in order for the Commission to obtain information about their business operations comparable to that which is now required on Form 2-R. This will be somewhat simpler than the present procedure which requires a floor broker to make initial application for registration on Form 2-R and also file his biographical data on Form 94.

Proposed Form 8-R is primarily a revision of Form 4-R and, by far, the greatest number of individuals using this form will be those seeking registration as associated persons.<sup>10</sup> The major change from Form 4-R is in the questions relating to adverse actions taken against the individual. These questions have now been divided into two sections: those actions during the previous ten years and which are of a nature clearly relevant in determining an applicant's fitness to engage in the commodities business (Items 11A, 11B and 11C); and broader questions, generally not limited to the past ten years, the responses to which may provide additional significant information concerning the applicant's suitability for registration (Items 12A, 12B, 12C and 12D). "Yes" or "No" responses are to be indicated on the form while details are

<sup>10</sup> As of October 18, 1976, there were 25,170 associated persons, 2,504 floor brokers, and approximately 10,000 other individuals who were principals or branch office managers of registered futures commission merchants, commodity trading advisors or commodity pool operators. These persons have previously filed Form 2-R, Form 4-R or Form 94.

to be shown on a supplemental sheet. An affirmative reply and the details of an adverse action reported in Item 11 will be available in the public files. An affirmative reply to any of the questions in Item 12 will be available in the public files, but the details of the answer will not be automatically placed in the public file and will be made available to the public only pursuant to a Freedom of Information Act request and only after a determination that the information can properly be released under the Freedom of Information and Privacy Acts.<sup>11</sup>

In recognition of the Privacy Act, individuals are given the option of reporting their home addresses, home telephone numbers and place of birth on a supplemental attachment which will not be in their public file. As with the present forms, furnishing of social security numbers is not mandatory. If the social security number is given, it may also be furnished on a supplemental sheet.<sup>12</sup>

Section 4n(1) of the Act requires that information on the education of principals be included in the application for registration of commodity trading advisors and commodity pool operators and is presently required on Forms 5-R and 6-R. Similar information is obtained for associated persons on Form 4-R. This information will now be requested on proposed Form 8-R. The use of a single Form 8-R for all individuals will now require floor broker applicants and principals of applicants for registration as futures commission merchants to furnish this information. In this regard, it should be noted that Section 4p of the Act gives the Commission authority to specify appropriate standards with respect to training, experience, and such other qualifications as the Commission finds necessary or desirable to insure the fitness of floor brokers and those persons associated with futures commission merchants. The education questions have been revised and redesigned for better computer compatibility. The Commission believes that data on education and specialized training will be helpful in establishing qualification standards for persons in the commodities industry.

Continuing the Commission's present practice, a registered associated person applying for renewal of registration may shorten his answers to questions about prior employment and residences by referring to his previous application.<sup>13</sup> Since the questions on education and

training on proposed Form 8-R are somewhat different from such questions on present Form 4-R, associated persons are requested to complete Items 8, 9 and 10 the first time they file on the new form; thereafter, they may use the abbreviated renewal procedure. The same instructions will apply to floor brokers who renew their registration.

#### SUMMARY OF PROPOSED AMENDMENT OF RULES

Sections 1.7 through 1.15 deal with registration of persons under the Act. The Commission is proposing amendments and additions to some of these rules primarily to bring them into conformity with proposed Forms 7-R and 8-R. The changes would become effective at the same time as the adoption of the new forms. Although the present forms (i.e., Forms 1-R, 2-R, 4-R, 5-R, 6-R and 94) would become obsolete on the effective date of the new forms, registrants would not be required to file applications on the new forms, pursuant to the amended rules, until the registrant's current registration period expires. A summary of the proposed rule amendments follows.

**Section 1.8 Registration required of floor brokers.** It is proposed to delete this regulation. The rule repeats verbatim the requirement for registration set forth in section 4e of the Act and is therefore unnecessary.

**Section 1.9 Registration as one type of person not included in registration as any other type of person.** The present rule states that registration as one type of person does not include registration as any other type of person. It is proposed to add an exception to this rule to make it unnecessary for futures commission merchants who are sole proprietors and for floor brokers to register also as associated persons. The present regulation was in existence prior to the 1974 amendments to the Act and was not revised when the amendments were adopted. Section 4k(1) of the Act, as amended, states that any individual who is registered as a floor broker or futures commission merchant (and such registration is not suspended or revoked) need not also register as an associated person. The proposed amendment would make § 1.9 of the regulations consistent with section 4k of the Act.

**Section 1.10 Applications for registration and financial reports of futures commission merchants.** Paragraph (a) of the regulation would be amended to refer only to applications for registration as a futures commission merchant; applications for registration of floor brokers would be referred to in a separate rule designated as § 1.10a. Paragraph (a) of § 1.10 would be further amended to change "Form 1-R" to "Form 7-R" and to add the requirement that Form 8-R, the biographical information form, be filed by certain specified affiliated persons of the applicant at the time of the initial application for registration as a futures commission merchant and at such other times as the Commission may require.

**Section 1.10a Applications for registration of floor brokers.** This new regulation would contain provisions which were formerly part of § 1.10(a). Paragraph (a) of proposed § 1.10a refers to Form 8-R, the application form required to be filed for registration as a floor broker in place of the present Form 2-R. Paragraph (b) of § 1.10a is a new provision which permits the floor broker who is renewing his registration to use the same shortened procedure which is presently used by associated persons when renewing their registrations.

**Section 1.10b Applications for registration of associated persons.** Paragraphs (a) and (b) of this rule would be amended to change the reference to "Form 4-R" to "Form 8-R." Paragraph (b), which deals with renewal procedures, would be further amended to delete the references to specific item numbers in that paragraph. The references will no longer be necessary since complete instructions for the simplified procedure to be used when renewing registration will be printed in the instructions to proposed Form 8-R.

The Commission intends to conduct a new fitness check of associated persons and floor brokers about every five to six years; the time would coincide with a reregistration period. Registrants will be notified when this is to be done. The application for renewal of registration would then have to be filled out completely instead of using the abbreviated renewal procedure.

**Section 1.10c Applications for registration of commodity trading advisors.** This regulation would be amended to delete references to Form 5-R and Form 94 and to substitute references to the proposed Form 7-R and Form 8-R. The proposed amended rule also specifies which individuals are required to file Form 8-R and when they are required to file it.

**Section 1.10d Applications for registration of commodity pool operators.** Changes similar to those in § 1.10c would also be made in § 1.10d. In addition, the Commission proposes to delete the present requirement that an applicant furnish a statement of the capital structure under which it engages in business as a commodity pool operator. Instead, as indicated above, the pool operator will be required to furnish, on Schedule C of Form 7-R, more relevant information concerning the pool's assets and the net worth of the commodity pool operator.

**Section 1.14 Deficiencies, inaccuracies, and changes to be reported.** Section 1.14 requires that registrants keep certain items on their application forms accurate and current between registration dates. They are required to file a Form 3-R to report any deficiencies, inaccuracies or changes in those items enumerated in paragraph (a) of the regulation. It is proposed to amend this paragraph and to add a new paragraph (b) to change the item numbers to correspond with the proposed forms. Paragraph (a) would pertain to Form 7-R and paragraph (b) to Form 8-R.

<sup>11</sup> See 41 FR 16288 (April 16, 1976).

<sup>12</sup> The Commission considered adopting the Securities and Exchange Commission's Form U-4, the uniform registration form for securities industry representatives, which is similar to proposed Form 8-R. Form U-4 is also used by all national securities exchanges, the National Association of Securities Dealers, Inc. and most state securities regulatory authorities. Form U-4, unlike proposed Form 8-R, is not considered a public document. The Commission would be precluded by the Privacy Act from placing the Form U-4 in its public files, without manually deleting substantial personal information from the form.

<sup>13</sup> 41 FR 38765 (September 13, 1976).

The items to be kept current are generally the same as in the present rule. The major differences that principals, other controlling persons and branch office managers of registered futures commission merchants, commodity trading advisors and commodity pool operators would also be required to update their Form 8-R filings. The present rule is restricted to "registrants." Changes will continue to be reported on Form 3-R which is not being revised at this time. The present rule, which is printed on the reverse side of Form 3-R, will remain in effect for registrants who are required to report changes, until they have filed for the first time on the new Form 7-R or Form 8-R. Once they have completed their first filing on the new forms, the amended § 1.14 would govern any changes or amendments, thereto.

A new paragraph (c) is proposed to be added to § 1.14 to permit the use of Form 3-R also for correcting minor deficiencies or inaccuracies in initial applications, before registration becomes effective.<sup>14</sup> The Commission has found it expedient to allow applicants to use the form to correct minor errors in their filings rather than to file a new application or to submit a letter. The phrase in the proposed paragraph, "unless otherwise directed," indicates that the Commission may request a complete corrected copy of the application whenever necessary.

**AUTHORITY**

The following amendments of 17 CFR Part 1 and adoption of Form 7-R and Form 8-R are proposed under the authority of sections 4f, 4k, 4n and 8a of the Commodity Exchange Act, as amended (7 U.S.C. 6f, 6k, 6n and 12a (Supp. V, 1975)).

In consideration of the foregoing, the Commission hereby proposes to adopt Form 7-R, contained in Appendix A, and Form 8-R, contained in Appendix B, and to amend 17 CFR Part 1 as follows:

1. Section 1.8 Registration required of floor brokers, is rescinded in its entirety.

§ 1.8 [Deleted]

2. Section 1.9 is amended to read as follows:

§ 1.9 Registration as one type of person not included in registration as any other type of person.

Registration as one type of person (e.g. futures commission merchant) subject to regulation under the Act shall not include registration as any other type of person subject to regulation under the Act (e.g., commodity pool operator), except that an individual who registers as a futures commission merchant or as a floor broker (and such registration is not suspended or revoked) need not also register as an associated person.

3. Paragraph (a) of § 1.10 is amended to read as follows:

<sup>14</sup> Present paragraph (b) would be redesignated as paragraph (e) and present paragraph (c) would be redesignated as paragraph (d).

**§ 1.10 Applications for registration and financial reports of futures commission merchants.**

(a) Application for registration as a futures commission merchant shall be filed on Form 7-R in accordance with the instructions contained therein. The initial application for registration shall be accompanied by a Form 8-R executed and filed by each sole proprietor and by each natural person who is a general partner, officer, director or branch office manager of the applicant, or performs similar functions, or is a holder of more than 10 percent of the outstanding shares of any class of voting stock of the applicant, or who otherwise controls the applicant; except that an accompanying Form 8-R need not be filed by any individual who is registered or has applied for registration as a floor broker or an associated person and such registration or application has not been withdrawn, revoked or denied. Any natural person (other than a floor broker or associated person) who subsequently becomes a general partner, officer, director or branch office manager of the applicant, or performs similar functions, or becomes a holder of more than 10 percent of the outstanding shares of any class of voting stock of the applicant or other controlling person, shall promptly execute and file a Form 8-R. Each Form 8-R shall be filed in accordance with the instructions contained therein. Individuals who have filed a form 8-R as required by this section shall file a current Form 8-R, upon request by the Commission.

4. A new § 1.10a is added to read as follows:

**§ 1.10a Applications for registration of floor brokers.**

(a) Application for registration as a floor broker shall be filed on Form 8-R in accordance with the instructions contained therein.

(b) Each registrant applying for renewal of registration as a floor broker on Form 8-R may insert the words "No Change" or "Information Since Last Application," as the case may be, in response to items on Form 8-R or Schedule A, in accordance with the instructions contained therein. If a registrant applies for renewal on Form 8-R and completes any of the items as provided in this paragraph, all information previously furnished to the Commission by the registrant in a referenced application, or supplement thereto, in response to those or similar items shall be deemed incorporated by reference on the Form 8-R on which such application for renewal is made.

5. Section 1.10b is amended to read as follows:

**§ 1.10b Applications for registration of associated persons.**

(a) Application for registration as an associated person shall be filed on Form 8-R in accordance with the instructions contained therein; provided, however, that an associated person who confines

his activities to areas outside the United States, its territories or possessions may file application for registration on Form 4-Ra in accordance with the instructions contained therein.

(b) Each registrant applying for renewal of registration as an associated person on Form 8-R may insert the words "No Change" or "Information Since Last Application," as the case may be, in response to items on Form 8-R, in accordance with the instructions contained therein. If a registrant applies for renewal on Form 8-R and completes any of the items as provided in this paragraph, all information previously furnished to the Commission by the registrant in a referenced application, or supplement thereto, in response to those or similar items shall be deemed incorporated by reference on the Form 8-R on which such application for renewal is made.

6. Section 1.10c is amended to read as follows:

**§ 1.10c Applications for registration of commodity trading advisors.**

Applications for registration as a commodity trading advisor shall be filed on Form 7-R in accordance with the instructions contained therein. The initial application for registration shall be accompanied by a Form 8-R executed and filed by each sole proprietor and by each natural person who is a general partner, officer, director or branch office manager of the applicant, or performs similar functions, or is a holder of more than 10 percent of the outstanding shares of any class of voting stock of the applicant, or who otherwise controls the applicant; except that an accompanying Form 8-R need not be filed by any individual who is registered or has applied for registration as a floor broker or an associated person and such registration or application has not been withdrawn, revoked or denied. Any natural person (other than a floor broker or associated person) who subsequently becomes a general partner, officer, director or branch office manager of the applicant, or performs similar functions, or becomes a holder of more than 10 percent of the outstanding shares of any class of voting stock of the applicant or other controlling person, shall promptly execute and file a Form 8-R. Each Form 8-R shall be filed in accordance with the instructions contained therein. Individuals who have filed a form 8-R as required by this section shall file a current Form 8-R, upon request by the Commission.

7. Section 1.10d is amended to read as follows:

**§ 1.10d Applications for registration of commodity pool operators.**

Application for registration as a commodity pool operator shall be filed on Form 7-R in accordance with the instructions contained therein. The initial application for registration shall be accompanied by a Form 8-R executed and filed by each sole proprietor and by each natural person who is a general partner, officer, director or branch office manager

of the applicant, or performs similar functions, or is a holder of more than 10 percent of the outstanding shares of any class of voting stock of the applicant, or who otherwise controls the applicant; except that an accompanying Form 8-R need not be filed by any individual who is registered or has applied for registration as a floor broker or an associated person and such registration or application has not been withdrawn, revoked or denied. Any natural person (other than a floor broker or associated person) who subsequently becomes a general partner, officer, director or branch office manager of the applicant, or performs similar functions, or becomes a holder of more than 10 percent of the outstanding shares of any class of voting stock of the applicant or other controlling person, shall promptly execute and file a Form 8-R. Each Form 8-R shall be filed in accordance with the instructions contained therein. Individuals who have filed a form 8-R as required by this section shall file a current Form 8-R, upon request by the Commission.

8. Section 1.14 is amended by amending paragraph (a), adding a new paragraph (b), adding a new paragraph (c), redesignating the present paragraph (b) as paragraph (e) and redesignating the present paragraph (c) as paragraph (d) to read as follows:

**§ 1.14 Deficiencies, inaccuracies, and changes to be reported.**

(a) Each registrant who is a futures commission merchant, commodity trading advisor or commodity pool operator shall file promptly with the Commission a statement on Form 3-R to correct any deficiency or inaccuracy in the registrant's application for registration, or any schedule or supplemental statement thereto, and report any change which no longer renders accurate and current the information contained in any of the items on Form 7-R of such application or supplemental statement; or contained in any of the following items on Schedules A, B, or C of Form 7-R:

(1) *With respect to a futures commission merchant.* The following items on Schedule A, "Application for Registration as Futures Commission Merchant":

Item 3—Correspondents and agents (excluding employees and associated persons) operating within the United States, authorized to solicit or accept orders in the name of the registrant;

Item 4—Commodity exchanges in the United States in which the registrant has membership privileges; and

Item 5—Participation in commodity option transactions by the registrant.

New domestic branch offices and new correspondents and agents who are operating within the United States and are authorized to solicit or accept orders on behalf of the futures commission merchant shall be reported promptly and fees shall be remitted as provided in § 1.11.

(2) *With respect to a commodity trading advisor.* The following items on Schedule B, "Application for Registration as Commodity Trading Advisor":

Item 4(a)—Manner of furnishing advisory services;

Item 4(c)—Basis upon which registrant is compensated; and

Item 6—Investment organizations in which registrant and persons named in Item 5 of Form 7-R have ownership, control or management authority or receive reimbursement for trading plans and other forms of investment advice.

(3) *With respect to a commodity pool operator.* The following items on Schedule C, "Application for Registration as Commodity Pool Operator":

Item 3A—Name and form of organization of each pool operated by registrant;

Item 3B—Dividend policy in respect to clientele and members of each pool;

Item 3C—Basis of compensation for operating each pool;

Item 4—Advisory services and trading plans used; and

Item 5—Ownership, control or management authority held by registrant or any persons named in Item 5 of Form 7-R over the advisory services and trading plans used by the commodity pool operator.

(b) Each registrant who is a floor broker or associated person and all individuals who have filed Form 8-R pursuant to § 1.10(a), § 1.10c or § 1.10d shall file promptly with the Commission a statement on Form 3-R to correct any deficiency or inaccuracy in the Form 8-R, or Schedule A thereof, or any supplemental statement thereto, and report any change which no longer renders accurate and current the information contained in any of the following items on Form 8-R, Schedule A thereof, or any supplemental statement thereto:

Item 1—Name of floor broker, associated person or other individual;

Item 2—Any other names by which individual has been known;

Item 4—Home address and telephone number (applicable only to associated persons);

Item 5—Business address (applicable only to floor brokers);

Items 11 and 12—Advises actions as specified in the form;

Schedule A, Item 3—Name of each principal clearing member through whom the registrant clears commodity futures transactions for his own account and for accounts which he controls or in which he has a financial interest; and

Schedule A, Item 4—Name of each principal clearing member for whom the registrant is currently engaged as floor broker.

(c) Unless otherwise directed, an applicant may use Form 3-R to correct any deficiency or inaccuracy in any item or schedule of, or supplement to, its application for registration on Form 7-R or Form 8-R prior to registration becoming effective.

(d) All statements on Form 3-R shall be prepared and filed in accordance with the instructions appearing thereon.

(e) Each futures commission merchant shall promptly file with the Commission a report stating the name of each associated person newly employed in such capacity by it or its agents, and shall promptly file with the Commission a report of the termination of employment, and the reasons therefor, of any person who acted as an associated person for the futures commission merchant or its agents.

Interested persons are invited to submit written comments on the proposed regulations to the Commodity Futures Trading Commission, 2033 "K" Street, N.W., Washington, D.C. 20581, Atten-

tion: Secretariat. Comments received on or before March 4, 1977, will be considered by the Commission before adopting the proposed forms and regulations. Copies of all comments received will be available for inspection at the Commission's office in Washington, D.C.

Issued in Washington, D.C., on January 25, 1977, by the Commission.

WILLIAM T. BAGLEY,  
Chairman, Commodity Futures  
Trading Commission.

APPENDIX A

APPLICATION FOR REGISTRATION AS FUTURES COMMISSION MERCHANT, COMMODITY TRADING ADVISOR AND COMMODITY POOL OPERATOR

COMMODITY FUTURES TRADING COMMISSION—  
FORM 7-R

Special Notice

1. The information on this Form 7-R is being collected pursuant to authority granted in Sections 4f(1) and 4n(1) of the Commodity Exchange Act (7 U.S.C. § 6f(1) and § 6n(1)). Under Section 4d(1) of the Commodity Exchange Act (7 U.S.C. § 6d(1)), it is unlawful for anyone to act as a futures commission merchant without being registered in that capacity with the Commission. Under Section 4m of the Commodity Exchange Act (7 U.S.C. § 6m), it is unlawful for a commodity trading advisor or commodity pool operator to make use of the mails or any means or instrumentality of interstate commerce in connection with his business as a commodity trading advisor or commodity pool operator without being registered in that capacity with the Commission, except that a commodity trading advisor who, during the course of the preceding twelve months, has not furnished commodity trading advice to more than 15 persons and does not hold himself out generally to the public as a commodity trading advisor need not register. The furnishing of all information on this form is mandatory prior to processing of the application for registration.

A "futures commission merchant" is defined as any individual, association, partnership, corporation or trust engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom; and includes any person required to register as a futures commission merchant by the Commission's regulations relating to commodity options.

A "commodity trading advisor" is defined as any person who, for compensation or profit, engages in the business of advising others, either directly or through publications or writings, as to the value of commodities or as to the advisability of trading in any commodity for future delivery on or subject to the rules of any contract market, or who for compensation or profit, and as part of a regular business, issues or promulgates analyses or reports concerning commodities; but does not include (i) any bank or trust company, (ii) any newspaper reporter, newspaper columnist, newspaper editor, lawyer, accountant or teacher, (iii) any floor broker or futures commission merchant, (iv) the publisher of any bona fide newspaper, news magazine, or business or financial publication of general and regular circulation including their employees, or (v) any contract market: Provided, that the furnishing of such services by the foregoing persons is solely incidental to the conduct of their business or profession.

A "commodity pool operator" is defined as any person engaged in a business which is of the nature of an investment trust, syndicate, or similar form of enterprise, and who, in connection therewith, solicits, accepts, or receives from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market.

2. The information being requested is designed to assist the Commission in determining whether the application for registra-

tion or renewal thereof should be granted or denied. Information included herein will be used as a basis for initiating an inquiry into the applicant's fitness to engage in the business.

3. This application is considered by the Commission as a public record and will be available for inspection by any interested person. Copies will be maintained in the public reference facilities of the Commission's office in which application for registration was submitted. If the applicant believes that the placing of the information on this form, including Schedules A, B, or C, in the Commission's public files would reveal sensitive

business information, the applicant may petition the Commission to treat such information as non-public in response to requests under the Freedom of Information Act (5 U.S.C. § 552).

4. Forms which have not been prepared and executed in compliance with applicable requirements may be returned as not acceptable for filing. Acceptance of this form shall not constitute any finding that it has been filed as required or that the information is true, current or complete. Misstatements or omissions of fact may constitute federal criminal violations. (See 18 U.S.C. § 1001.)

COMMODITY FUTURES TRADING COMMISSION	APPLICATION FOR REGISTRATION AS FUTURES COMMISSION MERCHANT, COMMODITY TRADING ADVISOR AND COMMODITY POOL OPERATOR	FORM 7-R
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PLEASE READ SPECIAL NOTICE AND INSTRUCTIONS ON REVERSE SIDE PRIOR TO COMPLETING THIS FORM.

Application is hereby made for registration as:  
(check where applicable)

- Futures Commission Merchant, for the year ending December 31, 19\_\_
- Commodity Trading Advisor, for the year ending June 30, 19\_\_
- Commodity Pool Operator, for the year ending June 30, 19\_\_

Enclosed is remittance payable to the Commodity Futures Trading Commission, in the amount of \$\_\_\_\_\_, to cover the prescribed fee.

ENTER BELOW: 1. NAME OF APPLICANT (If individual, last, first, middle initial)	2. ADDRESS OF PRINCIPAL OFFICE (Include No., Street, City, State and Zip Code)	AREA CODE AND TELEPHONE NUMBER
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3. Place where your general business records and those commodity records provided for by regulation under the Commodity Exchange Act will be kept.

(No., Street and Room No.)	(City, State and Zip Code)
4. (a) Form of organization of applicant (check one) <input type="checkbox"/> SOLE PROPRIETORSHIP (INDIVIDUAL) <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> CORPORATION <input type="checkbox"/> OTHER (Specify)	(b) State in which incorporated, organized or established

5. Name and title of the proprietor (if applicant is a sole proprietorship); of each general partner (if applicant is a partnership); of each officer and director (if applicant is a corporation); of any person performing similar functions and of any other controlling person of the applicant.

NAME	TITLE	More than 10% Stockholder		Associated Person or Floor Broker	
		YES	NO	YES	NO

PROPOSED RULES

FORM 7-R

6. Branch offices located in the United States. If NONE, check here

NAME OF BRANCH OFFICE MANAGER	ADDRESS OF BRANCH OFFICE (No., Street, City, State and Zip Code)	Associated Person or Floor Broker	
		Yes	No

7. Name, title, business address and business telephone number of partner, officer or other individual to whom all registration data and inquiries are to be directed.

8. Provide on attached sheets the details of any matter to which a "yes" response in items 8A through 8F relates. Provide full details including dates and nature of judgments, decisions, verdicts or other findings made, and sanctions or sentences imposed. (Copies of relevant documents must be attached; if documents are not attached, an explanation stating why documents are unobtainable must be furnished. If details to Questions 8A through 8F have been reported in writing to this Commission or the Commodity Exchange Authority on a previous application or supplemental statement, you may merely write the words "previous filing" and the year of such filing next to your "yes" response.) The questions below relate only to the FIRM applying for registration. These questions need not be answered on this form by a sole proprietor. (See Instructions.)

8A. Has the applicant firm in the past 10 years been barred, expelled, suspended, fined, censured, denied membership or registration, ordered to cease and desist, been permanently or temporarily enjoined, denied trading privileges, or otherwise sanctioned or disciplined through an adverse determination, voluntary settlement or otherwise by:

- (i) the Securities and Exchange Commission, the Secretary of Agriculture (including the Commodity Exchange Authority), the Commodity Futures Trading Commission, or the securities commissioners or equivalent authority of any State, territory, District of Columbia or foreign country? Yes \_\_\_ No \_\_\_
- (ii) any commodity or securities exchange, related clearing organization, association registered with the Commission under Title III of the Act or the National Association of Securities Dealers, Inc.? Yes \_\_\_ No \_\_\_
- (iii) any federal or state court or regulatory authority (not mentioned above), quasi-governmental body or professional association, based upon activities relating to commodities, securities, banking, insurance, real estate, finance, accounting or legal representation? Yes \_\_\_ No \_\_\_

8B. Has the applicant firm EVER been convicted or been found guilty of or pleaded guilty or nolo contendere to any felony or, within the past 10 years, any misdemeanor? Yes \_\_\_ No \_\_\_

8C. Has a complaint, counterclaim or cross complaint been filed against the applicant firm in the past 10 years in any civil or administrative proceeding (including Commodity Futures Trading Commission reparation proceedings) charging misrepresentation, fraud, deceit, theft, conversion, abuse of a fiduciary relationship or other action involving the misuses of the funds or property of others which resulted in a judgment against the firm with respect to such charge? Yes \_\_\_ No \_\_\_

8D. Has the applicant firm ever been debarred by any agency of the United States from contracting with the United States? Yes \_\_\_ No \_\_\_

8E. Has the applicant firm or any predecessor of the applicant firm ever failed in business, made a compromise with creditors, filed or been declared bankrupt under any bankruptcy acts, or been in federal or state receivership? Yes \_\_\_ No \_\_\_

8F. Is the applicant firm a party to any action or is there any criminal charge pending against the applicant firm, by indictment or otherwise, the resolution of which could result in a "yes" answer to items 8A through 8E? Yes \_\_\_ No \_\_\_

WILLFUL FALSIFICATION OR MISREPRESENTATION OR WILLFUL OMISSION OF ANY MATERIAL FACT REQUIRED TO BE STATED IN THIS APPLICATION OR RELATED SCHEDULES OR FINANCIAL STATEMENTS, IF ANY, SHALL CONSTITUTE CAUSE FOR THE DENIAL, SUSPENSION, OR REVOCATION OF REGISTRATION AND/OR PROSECUTION UNDER CRIMINAL STATUTES.

CERTIFICATION

The undersigned has read and understands the foregoing statement and represents that all information contained or incorporated in this form, including the Schedules attached hereto, is true and complete. The undersigned further understands that the applicant may not act as a futures commission merchant, commodity trading advisor or commodity pool operator for the period covered by this application until the registration has become effective.

Name of Applicant

By: Signature

Date

Title (Corporate Officer, Partner or Sole Proprietor)



INSTRUCTIONS TO FORM 7-R

**WHO MUST FILE:** All futures commission merchants, commodity trading advisors and commodity pool operators must file this form in order to be registered with the Commission. Registration as one type of person (e.g., futures commission merchant) subject to regulation under the Commodity Exchange Act does not include registration as any other type of person subject to regulation under the Act (e.g., commodity pool operator). However, the same Form 7-R may be used for simultaneous application for registration, or renewal of registration, as more than one type of registrant unless the applications must be sent to different offices. (See "WHERE TO FILE," below.) Where an applicant is required to file a separate application for registration in more than one capacity and the information asked for in an item on a form has already been provided by the applicant in response to the same or similar items contained in any other application for registration or supplement thereto, such item may be answered by reference to the other application or supplement thereto.

**HOW TO COMPLETE THE FORM:** This application should be typewritten or printed in black ink; a duplicate should be retained for your files. All questions should be answered completely and accurately to eliminate delay and assist in prompt handling of the application. If additional space is needed, use an attachment and refer to the corresponding item number on the form. Supplementary details of a violation or offense provided in response to a "yes" answer in Item 8 should be submitted as an attachment to the application. All names should be shown in full. All addresses should include number, street, city, state and zip code.

If this is an application for renewal of your registration as a futures commission merchant, commodity trading advisor or commodity pool operator, answers to certain items have been preprinted on the Form 7-R furnished by the Commission for your re-registration. Examine carefully any preprinted answers for accuracy and completeness. Where preprinted answers are inaccurate or incomplete, make changes or additions on the application form; if space is not sufficient, use an attachment to the form.

This form must be dated and signed by a general partner, officer, or sole proprietor (i.e., an individual) and reflect the title of the person signing on behalf of the applicant.

- Item 2: If applicant's mailing address is different from address of principal office, enter mailing address followed by address of principal office.
- Item 3: If general business records and commodity records are not at the same location, give address for each.
- Item 4: An applicant for registration as a pool operator should show the form of organization of the operator and not the relationship to the pools which it operates. For example, an individual pool operator should check "sole proprietorship," even though he may be a general partner of the pool.
- Item 5: For the purposes of this form, "other controlling person" includes, but is not limited to, holders of more than 10 percent of the outstanding shares of any class of voting stock of the applicant, if the applicant is a corporation; any other persons who have contributed more than 10 percent of the capital of the applicant; and any persons possessing the power to direct or cause the direction of the management or policies of the applicant, including any such persons who have made loans to the applicant. If the person listed is the holder of more than 10 percent of any class of voting stock of the applicant or has contributed more than 10 percent of the capital of the applicant, check "yes" under "More than 10% Stockholder."
- Items 5 and 6: If the person listed is currently registered or has applied for registration as an associated person or floor broker, and the application has not been denied, check "yes" under "Associated Person or Floor Broker."
- Item 6: Futures commission merchants may exclude any branch offices in which orders for commodity futures or commodity options are NOT solicited or accepted.
- Item 8: These questions relate only to the applicant for registration. Similar questions for sole proprietors and other individuals who are listed in Items 5 and 6 should be answered on Form 8-R. (See instructions below.)

**SCHEDULES A, B AND C:** If this is an application for registration as a futures commission merchant, complete and attach Schedule A; as a commodity trading advisor, complete and attach Schedule B; as a commodity pool operator, complete and attach Schedule C.

Schedule B, Item 2(a) and Schedule C, Item 1A: Show net worth of the applicant computed in accordance with generally accepted accounting principles.

Schedule C, Item 2: If the relationship is not the same for all pools which applicant operates, show on an attachment the relationship to each of the pools listed in reply to Item 3, below.

**SUPPLEMENTAL INFORMATION RE CERTAIN INDIVIDUALS (FORM 8-R):** Any natural person named in Items 5 or 6 of Form 7-R, who is not registered or currently applying for registration as an associated person or floor broker, must complete the information on Form 8-R. These forms are to be attached to this application (Form 7-R) by the futures commission merchant, commodity trading advisor or commodity pool operator. Any individual who has submitted a Form 8-R (or the former Form 94) in connection with an existing registration or application of a futures commission merchant, commodity trading advisor or commodity pool operator need not file another Form 8-R except upon specific request by the Commission.

**REGISTRATION FEE:** Each application for registration, or renewal of registration, must be accompanied by a fee as follows:

FUTURES COMMISSION MERCHANT—\$200 for the principal office plus \$6 for each domestic branch office (listed in Item 6 of Form 7-R) and for each correspondent and agent operating within the United States (listed in Item 3 of Schedule A).

COMMODITY TRADING ADVISOR—\$50  
COMMODITY POOL OPERATOR—\$50

If this form is being used as an application for more than one type of registration, a separate fee must be computed for each type. The registration fee should be submitted by check made payable to the Commodity Futures Trading Commission.

**WHERE TO FILE:** Futures commission merchants should send their applications for registration or re-registration to the nearest regional office of the Commodity Futures Trading Commission. Commodity trading advisors and commodity pool operators should send their applications to the Eastern Regional Office of the Commodity Futures Trading Commission at One World Trade Center, 47th Floor, New York, New York 10048. Send the original copy of the completed Form 7-R, together with the registration fee. Retain the completed duplicate copy for your files. Also enclose related Form 8-R's, if any. If a futures commission merchant is simultaneously registering as a commodity trading advisor or commodity pool operator and the firm is not located in the Eastern Region of the Commission, a completed Form 7-R, either the original or a signed duplicate, should be sent to each of the appropriate offices of the Commission.

**NOTICE OF REGISTRATION:** The Commodity Futures Trading Commission will send you a notice when your registration has become effective. It is illegal to act as a futures commission merchant, commodity trading advisor or commodity pool operator until your registration is effective.

Registration of futures commission merchants expires on December 31 of each year; registrations of commodity trading advisors and commodity pool operators on June 30 of each year.

**INTERIM CHANGES ON FORM 7-R:** You must report promptly, on Form 8-R, any acts or events during the period for which you are registered which affect your answers to ANY of the items on Form 7-R; Items 3, 4 or 5 of Schedule A; Items 4(a), 4(c) or 6 of Schedule B; or Items 1A (except total or net assets), 2B, 2C, 4 or 5 of Schedule C. Whenever there is an amendment involving the addition of the name of a natural person in Items 5 or 6 of Form 7-R, such person (other than an individual registered or applying for registration as an associated person or floor broker) must complete a Form 8-R which should be attached to the amendment. Also, futures commission merchants must remit appropriate fees for new domestic branch offices and new correspondents and agents operating within the United States who are authorized to solicit or accept orders on behalf of the registrant.

## PROPOSED RULES

COMMODITY FUTURES TRADING COMMISSION  
SCHEDULE A OF FORM 7-K

Application for Registration as Futures Commission Merchant

Name of Applicant (If individual, last, first, middle)

Name, title, business address and business telephone number of partner, officer or other individual to whom customer complaints are to be directed.

CORRESPONDENTS AND AGENTS (excluding employees and associated persons) operating within the United States, authorized to solicit or accept orders in the name of the applicant. If NONE, check here 

NAME OF CORRESPONDENT OR AGENT	PRINCIPAL ADDRESS OF OPERATION (No., Street, City, State and Zip Code)

COMMODITY EXCHANGES in the United States in which the applicant has membership or enjoys membership privileges. If NONE, check here 

COMMODITY EXCHANGE (Designate by asterisk each exchange in which you are a clearing member)	COMMODITY EXCHANGE (Designate by asterisk each exchange in which you are a clearing member)

Does the applicant engage in, or intend to engage in, commodity option transactions for customers pursuant to Part 32 of the regulations under the Commodity Exchange Act?  
YES  NO Is this an initial application for registration or an application for renewal of registration as a futures commission merchant? INITIAL  RENEWAL 

If this is an initial application for registration as a futures commission merchant, it must be accompanied by a financial report prepared on Form 1-FR and a statement describing the source of applicant's current assets and a representation that the applicant's capital has been contributed for the purpose of operating the business of a futures commission merchant and will continue to be used for such purpose.

**PROPOSED RULES**

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**COMMODITY FUTURES TRADING COMMISSION**

**SCHEDULE 2 OF FORM 7-R**

**Application for Registration as Commodity Trading Advisor**

1. Name of Applicant (If individual, last, first, middle)

2. (a) Net worth of commodity trading advisor at last month-end \$ (b) Approximate number of clients and/or subscribers at last month-end

3. List titles of publications, reports or other advisory services, including trading plans and instruction courses, which applicant currently offers to the public or which otherwise constitute part of applicant's business as a commodity trading advisor.

**4. Advisory Services**

(a) Manner of furnishing advisory services (check where applicable)

FACE-TO-FACE  MAIL  TELEPHONE   
TELEGRAPH  OTHER  (Specify)

(b) Frequency of furnishing advisory services (check where applicable)

DAILY  WEEKLY  MONTHLY  OTHER  (Specify)

(c) What is the basis upon which the applicant is or will be compensated for its advisory services?

5. Does applicant or any person listed in Item 5 of Form 7-R or any employee of the applicant hold any type of authority or control over the funds or accounts of clients who trade in commodity futures or commodity options on applicant's advice?

YES  NO  If YES, complete the following:

NAME OF HOLDER OF AUTHORITY	BUSINESS ADDRESS (No., Street, City, State and Zip Code)	NATURE AND SCOPE OF AUTHORITY

6. Does applicant or any person listed in Item 5 of Form 7-R have any degree of ownership in, any control or management authority over, or any reciprocal business arrangement (involving any of the applicant's commodity trading services) with any futures commission merchant or agent thereof, commodity pool, commodity pool operator, floor broker, associated person or other commodity trading advisor? YES  NO

If YES, list below the name and business address of each such organization or individual and state the type of authority (e.g., ownership, managerial control, etc.) or nature of agreements.

NAME AND BUSINESS ADDRESS OF ORGANIZATION OR INDIVIDUAL	TYPE OF AUTHORITY OR AGREEMENT

7. In the past year has applicant or any person listed in Item 5 of Form 7-R engaged in any commodity futures or commodity option transactions for its or his own account? YES  NO

**PROPOSED RULES**

**COMMODITY FUTURES TRADING COMMISSION  
SCHEDULE C OF FORM 7-R  
Application for Registration as Commodity Pool Operator**

1. Name of Applicant (if individual, last, first, middle) LA. Net worth of commodity pool operator at last month-end \$

2. Relationship of applicant to the commodity pools which it operates (check one)  
 GENERAL PARTNER  OTHER (specify)

3A. Details of each pool operated by applicant:

NAME OF POOL	FORM OF ORGANIZATION (limited partnership, corporation, trust, etc.)	TOTAL ASSETS AT LAST MONTH-END	NET ASSETS AT LAST MONTH-END

3B. Dividend policy in respect to clientele and members of each pool:

NAME OF POOL	DIVIDEND POLICY

3C. What is the basis upon which the applicant is or will be compensated for operating each pool?

NAME OF POOL	BASIS OF COMPENSATION

3D. Nature and scope of authority with respect to clients' funds and commodity pool accounts:

NAME OF POOL	TYPE AND SCOPE OF AUTHORITY	PERSONS EXERCISING AUTHORITY

4. Advisory services and trading plans used:

NAME	LOCATION (No., Street, City, State and Zip Code)

5. Does applicant or any person listed in Item 5 of Form 7-R have any degree of ownership in, any control or management authority over, or any reciprocal business arrangement (involving any of the commodity pools which the applicant operates) with any futures commission merchant or commodity trading advisor?  
 If YES, list below the name and business address of each such organization or individual and state the type of authority (e.g., ownership, managerial control, etc.) or nature of agreements.

NAME OF ORGANIZATION OR INDIVIDUAL	BUSINESS ADDRESS (No., Street, City, State & Zip Code)	TYPE OF AUTHORITY OR AGREEMENT

6. In the past year has the applicant or any person listed in Item 5 of Form 7-R engaged in any commodity futures or commodity option transactions for its or his own account? YES  NO

APPENDIX B  
APPLICATION FOR REGISTRATION AS FLOOR BROKER  
OR ASSOCIATED PERSON AND SUPPLEMENT TO  
APPLICATION ON FORM 7-R

COMMODITY FUTURES TRADING COMMISSION—  
FORM 8-R

*Special Notice*

1. The information on this Form 8-R is being collected pursuant to authority granted in Sections 4f(1), 4k(2) and 4n(1) of the Commodity Exchange Act (7 U.S.C. § 6f(1), § 6k(2) and § 6n(1)). Under Sections 4e and 4k(1) of the Commodity Exchange Act (7 U.S.C. § 6e and § 6k(1)), it is unlawful for anyone to act as a floor broker or an associated person without being registered in that capacity with the Commission. The furnishing of all information on this form is mandatory prior to processing of the application for registration as floor broker or associated person (or for any other registration which this document supports), except the social security number, disclosure of which is voluntary. Social security numbers, if furnished, will be used to assist the Commission in identifying individuals and, therefore, will assist us in promptly processing the forms.

A "floor broker" is defined as any person who, in or surrounding any "pit," "ring," "post," or other place provided by a contract market for the meeting of persons similarly

engaged, purchases or sells for any other person any commodity for future delivery on or subject to the rules of any contract market.

An "associated person" is defined as any person associated with a futures commission merchant or with an agent of a futures commission merchant as a partner, officer or employee (or any person occupying a similar status or performing similar functions) in any capacity which involves the solicitation or acceptance of customers' orders (other than in a clerical capacity) or the supervision of any person or persons so engaged. However, an individual who registers as a futures commission merchant or as a floor broker (and such registration is not suspended or revoked) need not also register as an associated person.

2. The information being requested is designed to assist the Commission in determining whether an application for registration or renewal thereof should be granted or denied. Information included herein will be used as a basis for initiating an inquiry into the individual's fitness to engage in the business for which registration is sought.

3. This form, with the exception of the supplementary attachments to items 3, 4 and 12 (if any), is considered by the Commission as a public record and will be available for inspection by any interested person. Copies will be maintained in the public reference facilities of the Commission's office

in which application for registration was submitted. The Commission may disclose supplementary attachments to Items 3, 4 and 12 to third parties (1) in connection with matters in litigation; (2) in connection with Commission investigations; (3) where the information is furnished to regulatory, self-regulatory and law enforcement agencies to assist them in meeting responsibilities assigned to them by law; (4) where disclosure is required under the Freedom of Information Act, 5 U.S.C. § 552; and (5) in other circumstances in which withholding of such information appears unwarranted. If the individual believes that the placing of any other information on this form in the Commission's public files would constitute an unwarranted invasion of his personal privacy or would reveal sensitive business information, he may petition the Commission to treat such information as non-public in response to requests under the Freedom of Information Act.

4. Forms which have not been prepared and executed in compliance with applicable requirements may be returned as not acceptable for filing. Acceptance of this form shall not constitute any finding that it has been filed as required or that the information submitted is true, current or complete. Misstatements or omissions of fact may constitute federal criminal violations. (See 18 U.S.C. § 1001.)

PROPOSED RULES

Commodity Futures Trading Commission      APPLICATION FOR REGISTRATION AS FLOOR BROKER OR ASSOCIATED PERSON AND SUPPLEMENT TO APPLICATION ON FORM 7-R      FORM 8-R

PLEASE READ SPECIAL NOTICE AND INSTRUCTIONS ON REVERSE SIDE PRIOR TO COMPLETING THIS FORM

This form is being filed as: (check where applicable)

Application for Registration as Floor Broker, for the year ending December 31, 19\_\_  
 Fee of \$20 enclosed

Application for Registration as Associated Person  
 Fee of \$20 enclosed

Biographical Information Supplement to Application for Registration as:

Futures Commission Merchant  
 Commodity Trading Advisor  
 Commodity Pool Operator

FOR OFFICE USE ONLY

1. Name of Floor Broker, Associated Person or Other Individual (last, first, middle)

2. Have you ever been known by any other names (including a maiden name)?  YES  NO  
 If yes, give name(s).

3. (a) Date of Birth      (b) Place of Birth (City and State)\*      (c) Social Security No. (Voluntary submission to aid in processing) \*

4. (a) Present Home Address (Number, Street, City, State and Zip Code) \*      (b) Home Telephone No. \*

5. FLOOR BROKER APPLICANTS: Business Address. (Show Number, Street, City, State and Zip Code)  
 ALL OTHER INDIVIDUALS: Name and Address of Principal Office of Futures Commission Merchant (or Agent), Commodity Trading Advisor or Commodity Pool Operator with whom you are associated. (Show Number, Street, City, State and Zip Code)

6. Present and Prior Employment for past 10 years starting with CURRENT position. (All time must be accounted for including self-employment, part-time employment, unemployment, military service and time as a student. Attach additional sheet if necessary.)

DATE (Mo./Yr.)	Name of Employer and Address of Office Where Employed	Kind of Business	Position Held	Reason for Leaving
FROM	TO			

7. Prior Residences (Cover past 10 years. Attach additional sheet if necessary.)

DATE (Mo./Yr.)	ADDRESS (Street, City and State)
FROM	TO

\* Responses to these items may be furnished on a supplementary sheet marked "Supplement to Item No. \_\_\_". See Paragraph 3 of the SPECIAL NOTICE. Since the furnishing of supplements to Items 3 or 4 will unavoidably have the effect of increasing the overall time required to process the form and raising the Commission's costs, the Commission asks individuals to furnish their responses to these items on this Form 8-R if they have no objection to having the information in the public files of the Commission.

**PROPOSED RULES**

FORM 8-1

**8. Educational Institutions Attended**

(a) Check Highest Year Completed: HIGH SCHOOL COLLEGE GRADUATE SCHOOL  
 9  10  11  12  1  2  3  4  1  2  3  4

(b) NAME AND ADDRESS OF INSTITUTION (City and State)	FROM		TO		MAJOR COURSES	DEGREE, IF ANY
	NO./YR.	NO./YR.	NO./YR.	NO./YR.		

9. List any undergraduate or graduate college courses or specialized training programs in commodity futures trading which you have completed. (Show the number of college credits or hours of training for each.)

10. Have you ever taken any qualifying examination testing your fitness for employment in any phase of commodity futures trading? Yes \_\_\_ No \_\_\_  
 If you have passed such examination, give name and date of examination and by whom administered

Provide on attached sheets the details of any matter to which a "yes" response in items 11A through 12D relates. Provide full details including dates and nature of judgments, decisions, verdicts and other findings made, and sanctions or sentences imposed. (Copies of relevant documents must be attached; if documents are not attached, an explanation stating why documents are unobtainable must be furnished. If details to items 11A through 12D have been previously reported in writing to this Commission or the Commodity Exchange Authority, you may merely write the words "previous filing" and the year of such filing next to your "yes" response.)

11A. Have you in the past 10 years been barred, expelled, suspended, fined, censured, denied membership or registration, ordered to cease and desist, been permanently or temporarily enjoined, denied trading privileges or otherwise sanctioned or disciplined through an adverse determination, voluntary settlement or otherwise by:

- (i) the Securities and Exchange Commission, the Secretary of Agriculture (including the Commodity Exchange Authority), the Commodity Futures Trading Commission, or the securities commissioners or equivalent authority of any State, territory, the District of Columbia or foreign country? Yes \_\_\_ No \_\_\_
- (ii) any commodity or securities exchange, related clearing organization, association registered with the Commission under Title III of the Act or the National Association of Securities Dealers, Inc.? Yes \_\_\_ No \_\_\_
- (iii) any federal or state court or regulatory authority (not mentioned above), quasi-governmental body or professional association based upon activities relating to commodities, securities, banking, insurance, real estate, finance, accounting or legal representation? Yes \_\_\_ No \_\_\_

11B. Have you in the past 10 years been convicted, or been found guilty of, or pleaded guilty or *nolo contendere* to a felony or misdemeanor charging misrepresentation, fraud, deceit, theft, embezzlement, gambling, conversion, abuse of a fiduciary relationship or otherwise involving the misuse of the funds or property of others? Yes \_\_\_ No \_\_\_

11C. Has a complaint, counterclaim or cross complaint been filed against you in the past 10 years in any civil or administrative proceeding (including Commodity Futures Trading Commission reparation proceedings) charging misrepresentation, fraud, deceit, theft, conversion, abuse of a fiduciary relationship or other action involving the misuse of funds or property of others which resulted in a judgment against you with respect to such charge? Yes \_\_\_ No \_\_\_

NOTE: Because attachments to items 12A through 12D will not be placed in the Commission's public files, they should be furnished on a supplementary sheet separate from other attachments (see paragraph 3 of the SPECIAL NOTICE).

12A. Have you EVER (not limited to the past 10 years) been convicted, or been found guilty of, or pleaded guilty or *nolo contendere* to a felony or, within the past 10 years, a misdemeanor of ANY kind, not listed in reply to items 11A or 11B (other than traffic violations for which you were fined \$300 or less)? Yes \_\_\_ No \_\_\_

NOTE: Include every such offense regardless of whether the record was expunged, set aside or sealed; there was a post-conviction dismissal; a State certificate of relief from disabilities or similar document was issued which relieves the holder of forfeitures, disabilities or bars that result from a conviction; or a pardon was granted. (Exclude offenses in which the charge was adjudicated in a juvenile court or under a youth offender law.)

12B. Have you EVER been debarred by any agency of the United States from contracting with the United States? Yes \_\_\_ No \_\_\_

12C. Has any firm, corporation or other organization with which you have been associated as a sole proprietor, partner, officer, director, holder of more than 10% of the outstanding shares of any class of voting stock, or other controlling person, during the time of such association, failed in business, made a compromise with creditors, filed or been declared bankrupt under any bankruptcy acts, or been in federal or state receivership? Yes \_\_\_ No \_\_\_

12D. Are you a party to any action, or do you have any charge pending against you, by indictment or otherwise, the resolution of which could result in a "yes" answer to items 11A through 12C? Yes \_\_\_ No \_\_\_

WILLFUL FALSIFICATION OR MISREPRESENTATION OR WILLFUL OMISSION OF ANY MATERIAL FACT REQUIRED TO BE STATED IN THIS FORM SHALL CONSTITUTE CAUSE FOR THE DENIAL, SUSPENSION OR REVOCATION OF REGISTRATION AND/OR PROSECUTION UNDER CRIMINAL STATUTES.

CERTIFICATION BY FLOOR BROKER, ASSOCIATED PERSON OR OTHER INDIVIDUAL

I hereby represent that I have read and understood the foregoing statement and that all information contained or incorporated in this form is true and complete. If applying for registration as floor broker or associated person, I further understand that I may not act in such capacity for the period covered by this application until my registration has become effective.

Signature \_\_\_\_\_

Date \_\_\_\_\_

## PROPOSED RULES

INSTRUCTIONS TO FORM 8-R

**WHO MUST FILE:** This form is to be used as an application for registration as a floor broker or associated person. It is also used as a biographical information supplement to Form 7-R to furnish information to the Commodity Futures Trading Commission about certain other individuals who are associated with or affiliated with futures commission merchants, commodity trading advisors and commodity pool operators who are applying for registration with the Commission; but this Form 8-R is NOT an application for registration of such individuals.

This form is required to be completed by:

1. All floor brokers.
2. All individuals who are "associated persons" of futures commission merchants or of agents of a futures commission merchant. However, any individual who is registered or currently applying for registration as a floor broker or a sole proprietor futures commission merchant (and such registration is not suspended or revoked) need not also register as an associated person. An associated person who confines his activities to areas outside the United States, its territories or possessions, may file application for registration on Form 4-Ra.
3. The following individuals associated with futures commission merchants, commodity trading advisors or commodity pool operators, if they are not currently registered or applying for registration as a floor broker or "associated person":\*\*

All sole proprietors, general partners, officers, directors and persons performing similar functions;

Holders of more than 10 percent of the outstanding shares of any class of voting stock of the applicant firm or any individual who has contributed more than 10 percent of the capital;

Any individual possessing the power to direct or cause the direction of the management or policies of the applicant firm including any such individuals who have made loans to the applicant firm; and

All managers of domestic branch offices which are listed in item 6 of Form 7-R by the applicant futures commission merchant, commodity trading advisor or commodity pool operator.

- \*\* Completion of this form is not required if the futures commission merchant, commodity trading advisor or commodity pool operator is reregistering and a Form 8-R (or the former Form 94) has been previously submitted. It should be noted that if any of the above persons are associated with a futures commission merchant in any capacity which involves the solicitation or acceptance of customers' orders for commodity futures contracts or commodity options (other than in a clerical capacity), or the supervision of any persons so engaged, such person must register as an associated person. In such case, check box 2 on page 2 of this form and enclose the registration fee of \$20.00.

**HOW TO COMPLETE THE FORM:** This form should be typewritten or printed in black ink; a duplicate should be retained for your files. All questions should be answered completely and accurately to eliminate delay and assist in prompt handling. If additional space is needed, use an attachment and refer to the corresponding item number on the form. Be sure to date and sign the certification on page 3 of the form.

**Schedule A.** If this is an application for registration as a floor broker, complete and attach Schedule A.

**Renewal of Registration as Floor Broker or Associated Person.** If this is an application for renewal of your registration as a floor broker or associated person, answers to certain items have been preprinted on the Form 8-R furnished by the Commission for your reregistration. Examine carefully any preprinted answers for accuracy and completeness. Where preprinted answers are inaccurate or incomplete, make changes or additions on the application form; if space is not sufficient, use an attachment to the form.

In completing your application for renewal of your registration as a floor broker or associated person, you may shorten your answers to items 6, 7, 8, 9 and 10 on Form 8-R and to items 2, 3 and 4 on Schedule A of the form. For each such item, if there have been no changes in the information previously furnished to the Commission on your last application (or on a supplemental Form 3-R), you may insert the words "No Change." If there have been no such changes but additional information is required to be reported, you may insert the words "Information Since Last Application" and then provide all such additional information required to update your registration file. All other items must be answered completely. This shortened procedure may be used unless the Commission requests otherwise.

**REGISTRATION FEE:** Each application for registration, or renewal of registration, as a floor broker or an associated person must be accompanied by a fee of \$20. Make checks payable to the Commodity Futures Trading Commission.

**WHERE TO FILE:** If you are applying for registration as an ASSOCIATED PERSON, send the original copy of the completed form to the Central Regional Office of the Commodity Futures Trading Commission at Sears Tower, 46th Floor, 233 S. Wacker Drive, Chicago, Illinois 60606. If you are applying for registration as a FLOOR BROKER, send the original copy of the completed Form 8-R to the nearest regional office of the Commodity Futures Trading Commission. If you are filing in connection with the registration of a FUTURES COMMISSION MERCHANT, COMMODITY TRADING ADVISOR or COMMODITY POOL OPERATOR, attach the original copy of the completed Form 8-R to the related Form 7-R. (Refer to instruction on "Where to File" on Form 7-R.) Retain the completed duplicate copy of Form 8-R for your files.

NOTICE OF REGISTRATION:

**Floor Brokers.** You will be notified by the Commodity Futures Trading Commission when your registration has become effective. Your registration will expire at the end of the calendar year.

**Associated Persons.** A license will be issued to you by the Commodity Futures Trading Commission as notice that your registration has become effective. Your registration period will be established by the Commission for a period of not less than one year and not more than two years from the effective date of your registration. The expiration date of your registration period will appear on your license.

**Other Individuals.** This is NOT an application for registration and you are not required to file this Form 8-R periodically. However, certain information must be kept up-to-date. See instructions below.

**INTERIM CHANGES ON FORM 8-R:** Report promptly, on Form 3-R, any actions or events occurring subsequent to the filing of this form which affect your answers to: item 1, item 2, items 4(a) or 4(b) (if an associated person), item 5 (if a floor broker), or items 11A, 11B, 11C, 12A, 12B, 12C or 12D of Form 8-R; or items 3 or 4 of Schedule A.



COMMODITY FUTURES TRADING COMMISSION  
SCHEDULE A OF FORM 8 - R

Application for Registration as Floor Broker

1. Name of Applicant

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\_\_\_\_\_ last first middle \_\_\_\_\_

2. List U.S. commodity exchanges of which you are a member. (If membership is pending, so indicate.)

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3. Name of each principal clearing member through whom transactions in commodity futures are cleared for your own account or for any account which you control or in which you have a financial interest. (Exclude clearing members who are used only occasionally.) If NONE, check here

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4. Name of each principal clearing member for whom you are currently engaged as floor broker. If NONE, check here

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[FR Doc.77-2933 Filed 2-1-77;8:45 am]