

**2024 NFA Member Town Hall**  
**October 23, 2024**

Matthew Rosamilia:

Good morning and welcome to NFA's Town Hall webinar. My name is Matthew Rosamilia and I'm a Senior Communications Specialist in NFA's External Affairs and Communications Department. Thank you for joining us today. Before we kick off today's program, I do have a few housekeeping items to go through.

With regard to format, we'll begin today's webinar with a brief update on recent NFA initiatives. Then we will spend the remainder of our time today answering questions you, our Members have submitted. To submit a question, locate the box labeled Ask a Question on the left side of your webinar screen. Type your question into the box and click send. We are able to see questions as they are submitted, so you can submit your questions at any time throughout the webinar. We will answer as many questions as we can in the time we have. Should we not get to your question, or if you have asked a firm-specific question, an NFA staff member will reach out to you following the webinar. Lastly, a recording and transcript of today's webinar will be available on NFA's website in the coming weeks.

The Town Hall's purpose is to provide an opportunity for you to engage with NFA's leadership and staff. We want to hear from you. Therefore, I encourage you to submit any question you may have about what's going on at NFA. Member input is critical to NFA's ability to effectively regulate the industry. While events like the webinar are one-way NFA engages with Members, NFA also has several advisory committees that offer guidance on rulemaking and other initiatives. Our FCM, swap participant, CPO, CTA, and IB advisory committees work to bring industry representatives together with NFA staff to establish effective, efficient, and balanced regulation.

Education is also critical to NFA's mission. Earlier this year, we had hosted our Member regulatory workshops in New York, Chicago, and London. We had nearly 500 people attend those in-person events. In the coming months, we will be providing more information on the upcoming spring 2025 Member workshops, so please stay tuned for those announcements and always, always refer to NFA's website for further information.

I encourage everyone to check out NFA's website to see our latest offerings and to subscribe to our communications so you can stay in the loop on upcoming educational opportunities. And with that, I'll now turn the floor over to NFA president and CEO Tom Sexton to provide some opening remarks. Tom?

Tom Sexton:

Matthew, thank you, and welcome to our Members tuning into the eighth edition of our Member Town Hall. Our industry continues to evolve, and the pace of change continues to accelerate. NFA must continue to adapt to new technologies, new products, new risks,

new participants, and new Members to ensure we meet our regulatory responsibilities. Opportunities like today to engage with you will continue to help us address future challenges and meet our important regulatory mission.

In a moment, I'll turn it over to some of our very talented NFA staff members to discuss certain initiatives and reminders to our Members. I want to encourage those in attendance today to ask questions during today's webinar. Our knowledgeable staff and leadership are on hand to answer as many questions as possible during the time we have today. Before we begin answering questions, though, let's hear from a few members of our senior management team to discuss some recent NFA initiatives.

First, I'm going to turn it over to Mike Schorsch from our legal department, and he will discuss the CFTC's recent roundtable on new and emerging issues in clearing, which he attended. Mike?

Mike Schorsch:

Thanks, Tom. Last week on October 16th, as Tom mentioned, NFA participated in a CFTC-sponsored roundtable on the topic of clearing and some related topics. There were more than 25 participants at the roundtable, including industry groups such as FIA and SIFMA, clearinghouses, exchanges, FCMs, start-ups, and others. The roundtable lasted about half a day and CFTC staff presented four topics for discussion. These included digital assets, their custody delivery and use as margin, 24/7 trading, direct clearing and margin, and conflicts of interest, affiliations, and vertical integration.

So, the first section featured discussions on which depository institutions are appropriate to safeguard customer digital assets and the various requirements the CFTC should consider for the custody of digital assets. Most roundtable participants agreed that any requirements for custodians of digital assets should focus on functional capabilities, such as cybersecurity, rather than simply requiring digital assets to be custody by certain categories of institutions, such as a bank and trust company, and so on.

The second section for discussion featured topics focused on the potential risks and opportunities associated with 24/7 trading markets, and what guardrails should be put in place if 24/7 trading was allowed. The discussion covered both the demand for uninterrupted trading, as well as the pressure that such markets could place on commercial end-user market participants in terms of capital allocation and things of that nature. NFA expressed the view that any move to 24/7 trading has to include adequate guardrails for retail customers, especially who could, for example, be disadvantaged by things such as overnight margin calls, liquidations.

The third section covered the potential risks and benefits associated with non-intermediated market structures, also known as direct clearing. Customers interacting directly with the DCO without an FCM. NFA pointed out that under the Commodity Exchange Act, accepting customer funds for margin trading in particular requires

registration as an FCM. NFA also observed that many customer protections under the Commodity Exchange Act and CFTC regulations attached to the intermediary, so the customer protections go along with the business that customers do with FCMs, IBs CTAs, CPOs, and that removing these intermediaries from the equation would deprive customers of important protections.

The final section featured discussions of the conflicts of interest associated with vertical integration that is affiliations between your markets and clearinghouses with an FCM or with a market maker, for example. The discussion covered various guardrails that the CFTC should put in place to ensure that firms with these kinds of affiliations, with this kind of vertical integration, what they will need to do to protect against the conflict of interest that are inherent in these arrangements, and that can pose risks to the market and harm to investors. In this area, NFA proposed that at the very least, FCMs have to be prohibited from having an affiliate serve as their DSRO or their primary self-regulatory organization.

So that concludes my summary of the CFTC's recent roundtable on clearing and related issues and NFA's participation in it. And I will pass it along to Tracey Hunt from our compliance department.

Tracey Hunt:

Thanks, Mike. Today I'm going to talk to you about NFA Compliance Rule 2-52, which became effective last week, October 15th. The rule made some changes to our Member questionnaire, the filing by which a firm provides NFA with information about its business operations. Staff used the questionnaire as the main source of information about a firm. It feeds our risk system, which helps us allocate our resources where they're most needed.

For the changes that we made, the first one was that the filing was previously required only annually. The new rule now requires that the firm must update the questionnaire whenever there is a material change in its business operations. The related interpretive notice to the rule provides a few changes that NFA would deem material, but we're leaving that determination up to the firm who we think is in the best position to make that decision.

The second change is that for those firms that update the questionnaire, and it indicates that they are not conducting commodity interest business they will now be required to file the questionnaire semi-annually. The process will still be the same in that a firm will be notified on its dashboard in the online registration system that they have a filing due with the applicable date. For those firms whose questionnaire indicates they are inactive in commodity interest, we will now be reflecting a banner on NFA's webpage on the basic system for that firm, indicating that the firm is inactive in the commodity interest.

Lastly, because this information is so important to us, NFA is now limiting who can submit the questionnaire for a firm, which is based on the firm's registration status. This will

ensure individuals at the firm who are knowledgeable of the firm's operations are submitting the answers. For firms that are solely registered as swap dealers, the submitter must be listed as a principal. For all other registrants, the submitter must be both an AP and a listed principal. Please note we did not limit who can enter the data in the questionnaire. We are only limiting who can submit. And further, for those firms who submit their business continuity information through our WinJammer system, those permissions have not been affected.

NFA sent out a notice in July about the rule and the interpretive notice. And then again, a few weeks ago, another notice highlighting these changes and providing instructions on how to set up users in the online registration system to submit the questionnaire. In addition to those notices, we provided information on reaching out to our information center for any other guidance with that.

The next topic that I wanted to talk about today is the importance of a Member's Business Continuity Disaster Recovery Plan. This is definitely a timely discussion, given the hurricanes that have battered the Southeastern states recently. NFA compliance rule 2-38 requires our Members to establish a business continuity and disaster recovery plan, and this is something that our staff stresses with Members during the exams. While no one wants to have to consider the implications of a disaster, it's important for Members to have plans in place to either continue their operations or re-establish operations should something occur to the business location.

Firms should ensure that customers have a way to contact them. And as an employer, you want to have a way for your employees to contact you or for you to check on your employees and brokers. NFA does not require that the firm file its business plan with us, but we do require firms provide us with key employees to contact in the event of an emergency. We at NFA have our own business continuity and disaster recovery plan as well and we engage in exercises here to ensure we are prepared. But as always, if a firm is having any issues with its operations due to any weather conditions or any other emergencies, firms should feel comfortable contacting NFA to discuss that.

And with that, I'm going to turn it over to Liz Sheridan.

Liz Sheridan:

Thanks, Tracey. I'm going to provide an update on one of NFA's corporate goals related to modernizing the NFA rulebook. So, for the past year or so, staff has been in the process of updating NFA's rulebook to make sure that NFA's rules continue to keep pace with the changes in the derivatives industry over the past few years. We have already made progress with updating several rules and interpretive notices, and our focus recently has been on finalizing a new interpretive notice designed to help Members better supervise their associated persons.

The new interpretive notice sets forth the minimum standards a Member must adopt to satisfy its supervisory obligations and is premised on NFA's various supervisory rules. When staff began the process of developing the new guidance, we did not want to do so in a vacuum. So, we met with a number of Member firms across all membership categories to identify supervisory best practices with respect to associated persons. These Member meetings were extremely helpful and informative, and based on what we heard from the membership, we recognize that Member firms wanted more guidance related to supervising AP's written and oral communications, AP order handling and trading activities, and how to supervise an AP who may work remotely.

In late summer, we previewed a draft of the interpretive notice to NFA's various advisory committees, NFA's board, and other industry groups. We are now in the process of incorporating the additional feedback we received, and we anticipate providing a finalized version of the new interpretive notice to the advisory committees and the board shortly.

There are two other significant rulebook updates we are currently working on, which I wanted to briefly mention. The first update relates to a Member's digital engagement practices. With respect to digital engagement, we recognize that our Members now interact with customers through new digital platforms that did not exist even a few years ago. For example, many Members now permit the customers to transact via mobile application and/or exclusively rely on social media, digital influencers, or fin-fluencers as their primary methods of advertising and engaging with their customers.

We are in the early stages of exploring how Members use these various digital engagement strategies to interact with their customer base, and whether NFA should update portions of its rulebook relating to promotional material to account for these new methods. As I mentioned, our work in this area is just beginning, but we anticipate that we will take a similar approach as we did with the new AP supervision interpretive notice and reach out to our Members to better understand how Members are using different digital platforms and how Members advertising practices have changed over time.

The final area I wanted to briefly highlight is NFA compliance rule 251. This rule governs NFA Members' digital asset related activities. We are reviewing this rule, as well as the related interpretive notice, to make sure that it sufficiently addresses Member activity within the digital asset space.

That concludes my remarks regarding the rulebook, and I'll turn it over to Jay Nichols in NFA's registration department.

Jay Nichols:

Thanks, Liz. Good morning. I want to share an update on an upcoming change to the fingerprinting process. So NFA has entered into an agreement to outsource fingerprinting to Fieldprint Inc, an approved FBI channeler. Some of you may know and use their

affiliated company BIG or Business Information Group. Before I describe what, the outsourcing process will look like, let me just briefly go over the current process.

So currently, once an application is filed, fingerprint cards are submitted by mail and we process these cards in-house through the crossmatch system, at which time we receive results back from the FBI. With outsourcing, you would still file an application. Then you would go to the NFA-specific fingerprint website and schedule a time to be fingerprinted. You would then go to location, which is typically a UPS store, and an associate will digitally take your fingerprints on their live scan kiosk.

Fieldprint will process these digital prints and send the results back to NFA. Just note, to be fingerprinted, you must have an active registration on file, which is no different than the current process. So, some of the benefits to the new process include convenience. Fieldprint has over 1,900 locations with locations in all 50 states. There's also an option for firms to lease a fingerprinting kiosk for on-site use.

Speed, printing is done by a trained associate at the location, and it's usually completed in five to ten minutes. And generally speaking, this process doesn't require fingerprint cards anymore, which will significantly reduce the illegible cards that happen occasionally. And overall, this process is just more secure.

So where are we now in this process? Well, we've met with and informed the CFTC of this new process. We have also received formal FBI approval of our outsourcing partnership, and we have regularly scheduled meetings with Fieldprint to coordinate our respective technical resources. And finally, what I'm sure everyone wants to know is when is this going to be implemented? We are expecting implementation in 2025. So, you can expect a communication to come out as we get closer to implementation. Tom?

Tom Sexton:

Thank you, Mike, Tracey, Liz, and Jay. We look forward to continued collaboration on these topics with our Members and we will keep you apprised as developments occur. Now let's dive into your questions. I'll turn the floor back over to Matthew who will moderate our Q&A this morning. Matthew?

Matthew Rosamilia:

Thank you, Tom. Yeah, thank you all for your Q&A questions. We see questions coming in. Mike, I'm looking at you for this first question. In relation to the COO annual report, how should Members understand the term, "compliance resources", which are only compliance department resources?

Mike Otten:

Thank you, Matthew. So, I'll take that and also add some context around it. So obviously, rule 3.3(e)(4) requires that the report outline the financial, managerial, operational, and staffing resources set aside for compliance with the act. In there, it doesn't specifically

say in a rigid way set aside for the compliance department. I think you have to read that report provision in the context of the rule section before that 3.3(d), which lays out the chief compliance officer duties, which are very broad.

So, in the description required in 3.3(e)(4), the firm should look to all the resources it marshals to ensure compliance with the act. There's not a rigid requirement in how the firm has to structure that. So, the firm should look inward to itself and see how it has structured its compliance program and those resources that are marshaled to ensure compliance and describe that in as much detail as you can. And also look to CFTC Advisory 19-24 for some guidance there.

Matthew Rosamilia:

Perfect. Thank you, Mike. Karen, I was hoping you could answer this question for me. There is no doubt that NFA has to coordinate with other financial regulators, not only here in the US, but also in the international realm, to effectively regulate the derivatives industry and market. Can you provide an overview of NFA's coordination efforts with other regulatory bodies?

Karen Wuertz:

Hey, Matthew. Yeah, that's really a good question and there's actually a few layers to this answer. First and foremost, as would be obvious, we coordinate very closely with the CFTC on everything we do since they are our direct oversight federal agency. So, we coordinate that with them, and they oversee all of our activities. So, I'm sure many of us are talking to the CFTC on a daily basis to address a number of issues.

And then we also do coordination because a number of our Members are registered by other agencies or by FINRA. So, we want to coordinate those efforts as well so that we can avoid any duplication and allocate our resources accordingly. And quite honestly, having meetings with those institutions are very helpful on some of the current topics in the really high-risk areas such as digital assets, risk management, cyber. So again, there's a lot of learning that goes on by the coordination that we do with both FINRA and the SEC.

And last but not least, we do a lot of coordination with non-US regulators and that's because our industry is a global industry. And we have Members that are also overseen by non-US regulators. So again, we want to coordinate our efforts, try and avoid duplication. Try and learn from the other non-US regulators and also to provide learning to other non-US regulators. When we go out to do exams of our non-US Members, we often – I shouldn't say often, we always reach out to those non-US regulators to let them know that we're going to be doing exams and want to coordinate them. And many times, they take us up on our offer to join us on those exams as well.

So, a lot of effort has been put into establishing those relationships. And I can say NFA has got excellent relationships with all of these other regulators. And if anyone, if any of

our Members ever need a contact at any of these other regulators, please don't hesitate to reach out. And, Matthew, I think I'll end there.

Matthew Rosamilia:

Thank you so much, Karen. We have received a lot of questions regarding fingerprinting and Jay has done a great job of giving us an overview. But some of these questions are just very specific. So, I do want to turn to Jay for some of these questions. First one being for fingerprinting, what about people based overseas, Jay?

Jay Nichols:

People based overseas would still have to send a hard copy fingerprint card in. So, this fingerprinting outsourcing process is only for US-based individuals.

Matthew Rosamilia:

Perfect. Our next question here is can firms still send fingerprint cards to the NFA for processing?

Jay Nichols:

So, at this time, we are not sending any more cards to NFA. So, you cannot send any more cards to NFA for processing.

Matthew Rosamilia:

Understood. Thanks for clarifying. Are there Fieldprint fingerprinting locations in Chicago?

Jay Nichols:

There are. There are multiple Fieldprint printing locations in Chicago. Absolutely. And then Fieldprint's website does a good job of listing out all of the 1,900 plus locations that are available for printing.

Matthew Rosamilia:

Perfect. And our last question here, for firms domiciled outside of the United States, how should they submit fingerprints for registration of APs who are located outside of the US where appropriate?

Jay Nichols:

So Fieldprint will coordinate the hard copy cards being sent to the non-US individuals. So, it's still a similar process using outsourcing. The difference is Fieldprint will take the lead in coordinating that firm receiving the fingerprint cards.

Matthew Rosamilia:

Perfect. Thank you so much, Jay. Mike, I'm looking at you for this next question. Could you possibly go over some current areas of focus in our regulatory examination and how our Member firms can be best prepared for an examination?



Mike Otten:

Sure. Thank you, Matthew, I'll highlight a couple of areas that we're focused on and then I'll say a few things about preparation. First, we are about two years post full remote exam. So, we are on-site at firms, and we are continuing to increase the amount of time that we spend with firms on site during an exam. So, in that context, it is our expectation that we will be doing walkthroughs of key control functions in person with the key staff that work on those functions. That key staff who work on those functions, if they are remote employees, that the firm will bring them into the office to meet in person with our staff. So, the focus of on-site portions of the examination is not going to go away and it's not going to lessen over time.

Second, a key thing that we're focusing on is firms' trade data and e-communications, both oral and written and how the firm uses those pieces of data in its surveillance and supervision programs, what type of control framework the firm has in place to analyze that data. Of course, those pieces of data can be very useful in identifying and preventing fraud, manipulation, and disruptive practices. So, we're very interested in getting data from firms and then seeing how firms use their own data for those purposes.

In terms of preparation for exams, NFA spends a great deal of time preparing for our exams and scoping the specific areas that we're going to address with each individual firm. No exam is like another exam. Each firm ends up having different areas that are scoped in and those are based on our analysis of the firm and the areas that we feel like we need to examine on a risk-based basis.

So, for preparation for the exam, our expectations are from a firm to have constant communication during the exam, particularly during the on-site portion. But throughout the exam, open, robust communication with NFA is going to make the exam go better. We expect there to be sufficient staffing on the exam. We know some firms have many regulators with competing requests from firms, but during our exam, we expect the firm to staff the exam appropriately, so that we can get in and get what we need and get out.

And in that context, our expectation around responses to our questions that they really need to be appropriately and completely answered. We have had scenarios where it seems like by a deadline, a firm will just give us something and sort of give them anything to stop the clock, and that will make an exam go longer and will impact our view of how the exam is going. So open communication, full, robust, accurate, complete responses will make an exam go much better. Thanks, Matthew.

Matthew Rosamilia:

Yeah. Thank you so much, Mike. Those are great points on examination and it's really helpful for our Members. Next, here I did want to go to Carol from our general counsel. This next question is very specific and great. It says rapid innovation in financial markets can outpace regulatory frameworks. One example that was given was cryptocurrency

derivatives. So, what is the NFA doing to stay current with innovation and the ever-changing technology? Carol.

Carol Wooding:

Oh, thanks, Matthew. We're doing a couple of things. First of all, let's start with what Liz talked about earlier. We are taking a look at our rulebook to see where those potential regulatory gaps are, and we have been specifically focused on digital assets. We also have a digital asset working group that gets together across all of our different departments and looks at all the different developments in the digital asset area, specifically focusing on different technology aspects of it.

Our staff is constantly learning new things. We recognize that digital assets are a real risk to our industry, retail customers. So, we have spent a lot of time over the last few years focusing on that specific issue. But we do that really across any new products that we see developing that impact our industry or our Members.

Matthew Rosamilia:

Thank you so much, Carol. I want to ask a question to Tim McHenry, who is Senior Vice President of NFA's Information Systems Department. Protecting sensitive information and reducing the risk of breaches, I am sure is an essential part of your role here at NFA. So, I wanted to ask you, does NFA delete data to mitigate cybersecurity threats?

Tim McHenry:

Yeah. Thanks, Matthew. Yeah, that's a really good question because I think everyone now realizes that data is a very critical asset and like any important asset, it's really highly sought after by attackers. So, you really have to ensure that there's proper protections in place for your data. At NFA, we have several layers of active defenses to protect our data. But oddly enough, one of the best ways to protect your data is by limiting what you keep. It's the principle of narrowing your attack surface or limiting risk by only keeping what you absolutely need. And that's a principle that we follow, and I would strongly encourage everyone else out there to follow it as well.

Here at NFA, we have a data governance policy and that policy, among other things, requires that we, number one, regularly review the data that we collect to make sure it is absolutely necessary for our regulatory needs or operational needs for that matter. And then number two, we make sure that we delete data when it's no longer useful, especially when it has outlived its usefulness. So once regulatory data has served its purpose, we want to get rid of it as soon as we can.

In that regard, we have a data retention schedule that aligns with the CFTC, and we delete data on a regular basis pursuant to that schedule. Ultimately, we delete hundreds of millions of records each year based on that policy. So, it has proven very effective in terms of limiting our exposure.

So, to answer your question, sorry to go on, but yes, we do delete data. And again, we're very firm believers in this principle of systematically getting rid of data, especially old data. And again, I would encourage everyone out there to take up a similar governance policy and do the same thing with the data at your firms. So, thanks for the question.

Matthew Rosamilia:

Yeah. Thank you so much, Tim. I do want to go back to Jay. It seems that there's still some confusion around the fingerprinting cards. Jay, where do we now send the cards, the fingerprint cards?

Jay Nichols:

So currently, you would send fingerprint cards Attention Registration Department 320 South Canal, what is on our website, so our current address. After implementation in 2025, you would no longer send cards to that address or to NFA, period. You would instead go to a Fieldprint website.

Matthew Rosamilia:

Thank you so much, Jay. Dale, I'm looking at you for this next question. It seems that our recent swap dealer exams integrated NFA's risk team into the exam. Does this represent an evolving approach to swap dealer examinations?

Dale Spoljaric:

Thanks, Matthew. Yeah, good question. And the short answer is yes. But to provide some context and maybe add on to the item that Mike Otten spoke to earlier, our swap dealer exam program remains risk based. Meaning that based on the risks present with the firm's operations and business as well as with changes in the regulations, we determine the most appropriate areas to test. Certainly, a significant area, both from a regulatory and risk perspective is the firm's compliance, with no pun intended, the risk management rules and regulations.

I would say the most current example to use here is when it comes to a swap dealer's use of models for initial margin and/or capital calculations our risk team is obligated to approve the firm's use of these models. And we feel that it's both efficient and effective to perform any detailed testing of these models when we conduct our periodic examinations.

Matthew Rosamilia:

Thank you so much, Dale, for that great answer. I'm going to look to Tracey for this next question. Is change of CCO considered a material change that required an update of questionnaire? What if we are the new Member who has not been required to file a questionnaire yet?

Tracey Hunt:

Thanks, Matt. So, two things here. If you are a new Member and so you have not yet had to file your first annual questionnaire, any material changes would require you to update it before that first year. So, I just wanted to make that point first. With regards to though a change of CCO, in the questionnaire, we do have a question that asks you, do you have a CCO. And I believe one of the other sections might ask a firm to upload their organizational chart showing reporting lines.

But there isn't anywhere in the questionnaire that I'm aware of where you're naming your CCO, but we would definitely expect that the firm would be in its online registration system, updating any of the contact information. Whether or not the CCO is an associated person, a principal, and obviously, the CCO that is left would also need to be removed if that were to be the case from the registration records for the firm.

Matthew Rosamilia:

Perfect. Thank you so much for giving us context on that, Tracey. Tom, I wanted to ask you, you recently testified before Congress regarding several issues impacting our markets, including digital assets. Can you give us an overview of what your testimony covered?

Tom Sexton:

Thank you, Matthew. And let me give you a very broad overview. First, let me say that we really appreciated the opportunity to testify before the Subcommittee on Commodity Markets, Digital Assets, and Rural Development. It's a subcommittee of the House Agriculture Committee, and our testimony was in late July. We talked about a few issues. The purpose of the hearing was to obtain stakeholder perspectives on reauthorizing the CFTC.

We certainly raised an issue that we have raised for many years and that is related to FCM bankruptcies. And if there's a shortfall in customer funds in an FCM bankruptcy. Hopefully, we will never have an FCM bankruptcy. But we want to make sure that if there is a shortfall in customer funds in the event of an FCM bankruptcy, then customers are made whole by using the FCM assets before other general creditors would be made whole.

So, it's really an amendment that we're requesting Congress make to the Commodity Exchange Act to clarify the CFTC's authority, to have a type of rule that would give customers that priority. And there was an old case called the Griffin Trading case that questioned the CFTC's authority to adopt that type of rule in part 190 of their current regulations.

The second issue that we addressed, and I know that there was a question on, for example, digital assets earlier today was to express our willingness and our ability to assist the CFTC in a regulatory framework, if there is one with regard to spot digital asset

commodities. And as many of our participants know, in May 2024, the House of Representatives passed the Financial Innovation and Technology Act for the 21st century.

This was a joint effort that emerged from the House Agriculture and House Financial Services Committee. The entire House passed it in late May on a bipartisan basis. This establishes a regulatory framework for spot digital asset commodities. The Senate is also working on various bills with regard to establishing a similar type of regulatory framework.

Look, the FIT Act had a significant role for the CFTC and a registered futures association like NFA. And we wanted to make sure that the House AG Committee knew that given our successful regulatory partnership with the CFTC over the years, that in establishing effective regulatory structures in other areas, that we are committed and willing and have the expertise to also assist the CFTC with regard to the regulation of spot digital asset commodities going forward.

Matthew Rosamilia:

Thank you so much, Tom. We received a very specific question on carbon related products. I was going to ask Dale, is there any NFA research on compliance treatments specifically related to carbon related products and/or services?

Dale Spoljaric:

Thanks, Matthew. Good question. The carbon market certainly is a hot topic. NFA does not have any published research or specific guidance in this area, but when we perform our examinations, we do inquire of firms their involvement in, for example, carbon related derivatives or what they may be doing with respect to climate related risks, to obtain an understanding of how the firm handles those. And through those conversations, we also ensure that anything that they may be doing is handled within the current and existing framework of the regulations and NFA rules.

So how a firm may market, they may be marketing or soliciting for those products, how the firm may be risk managing those products. So, to date, we do not have any specific guidance or research in this area. We look at the topic through the lens of our examinations and the existing regulatory framework.

Matthew Rosamilia:

Thank you so much, Dale. We have time for one more question, and I am going to go to Jay for this last question today. Jay, we've been talking about fingerprinting a lot. What if the Fieldprint location is far from an individual's address? Will they still be able to send fingerprint cards to the NFA for processing?

Jay Nichols:

So, you will not be able to send fingerprint cards to the NFA for processing. However, Fieldprint will help you coordinate the hard copy cards. So, for instance, they may look

at their alternative sites that aren't live scanned at digital fingerprint kiosk that I mentioned. And so, an example location could be a police station, and at which point Fieldprint would help you coordinate a time to go to your local police station, take hard copy fingerprint cards, and then send those cards to Fieldprint for processing. So NFA is not included in that particular process.

Matthew Rosamilia:

Thank you for that, Jay. So that's actually going to wrap up our Q&A session for today. Again, if we did not get a chance to answer your question, an NFA staff member will be reaching out to you following today's event. And with that, I'll turn it over back to Tom for closing remarks. Tom?

Tom Sexton:

Thank you, Matthew. And we are now closing in on the end of this Town Hall, as Matthew indicated. And I would like to thank each of you for attending. We hope that you found the information provided today helpful. And certainly, the questions that you asked are especially helpful to us and will assist us in better tailoring our Member educational programming going forward.

As a reminder, you will be able to find a recording and transcript of today's Town Hall webinar on NFA's website in the coming weeks. In addition, if we didn't get to your question, we will respond to you by email. Again, if you ever have a question, feel free to reach out to any one of us or to NFA's information center, I should say, and we'll get you an answer as soon as we can.

Thanks again, everybody, for your participation and enjoy your day. Take care.