



NO REDACTION NEEDED PER T.M. STAFF  
COMMODITY FUTURES TRADING COMMISSION  
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94-53

Jun 9 11:53 AM 1994

DIVISION OF  
TRADING AND MARKETS

Gary A. DeWaal  
c/o Futures Industry Association  
2001 Pennsylvania Avenue, N.W.  
Suite 600  
Washington, D.C. 20006

Re: No-Action Request Pending Final Action on Generic Risk  
Disclosure

Dear Mr. DeWaal:

This is in reference to your letter to the Division of Trading and Markets ("Division") of the Commodity Futures Trading Commission (the "CFTC" or "Commission") dated May 31, 1994 on behalf of the Futures Industry Association ("FIA") requesting that the Division confirm that it will not recommend any enforcement action against those firms that after July 1, 1994 continue to use the separate rule 1.55 and rule 30.6 risk disclosure statements to comply with relevant risk disclosure obligations. In particular, you have requested that for a period not to exceed sixty days after a determination by the CFTC whether or not to adopt the proposed generic risk disclosure statement, <sup>1/</sup> firms be permitted to use either the consolidated rule 1.55 risk disclosure statement (which incorporates the rule 30.6 disclosure statement) <sup>2/</sup> or the unconsolidated rule 1.55 and rule 30.6 risk disclosure statements. You also asked that the Division confirm that during this interim period, firms may use the procedure in amended rule 1.55(d) for the single signature acknowledgement by the customer and that the separate acknowledgement of 190.10(c) (1) (ii) is no longer required.

On March 30, 1993, the Commission issued final rules consolidating the risk disclosure statement previously required by rule 1.55 for domestic futures transactions with the statement required by rule 30.6 for foreign futures and foreign options transactions. Although the rule amendments became effective on July 1, 1993, the Commission permitted the unconsolidated rule 1.55 and rule 30.6 risk disclosure statements to be used until July 1, 1994. Subsequently, the Commission published an advance notice of proposed rulemaking on the generic risk disclosure statement which would address the risk disclosure statement obligations currently required by Commission rules 1.55, 33.7, 190.10 as well as the

<sup>1/</sup> See 59 Fed. Reg. 1506 (January 11, 1994).

<sup>2/</sup> See 58 Fed. Reg. 17495 (April 5, 1993).

Mr. Gary A. DeWaal  
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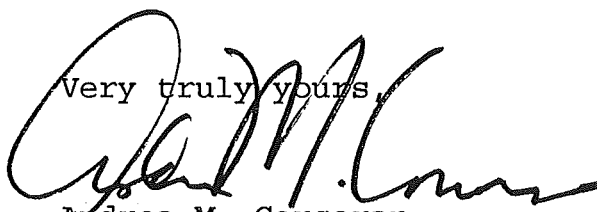
special disclosure related to futures-style margining of the option premiums which is permitted on certain foreign exchanges.

You have noted that some firms are in the process of updating their disclosure forms to conform to the consolidated rule 1.55 disclosure statement while others have been postponing action on this matter pending a final determination by the CFTC in the near future on whether or not to proceed with the generic risk disclosure statement.

In consideration of the foregoing, the Division will not recommend any enforcement action against those firms that continue to use the separate rule 1.55 and rule 30.6 risk disclosure statements to comply with the risk disclosure requirements of Commission rule 1.55 after July 1, 1994. This position will not extend past sixty days after formal notification by the CFTC regarding its determination whether or not to adopt the proposed generic risk disclosure. During this interim period, the Division confirms that firms may rely on amended rule 1.55(d) related to the single signature acknowledgement by the customer, provided however, that, in executing such signature, the customer also expressly acknowledges receipt of the separate rule 30.6 disclosure statement. The Division also confirms that the separate acknowledgement of 190.10(c)(1)(ii) is no longer required.

The positions adopted herein are based on the information provided to us. Any different, changed or omitted facts or conditions might require us to reach a different conclusion. Further, these positions are solely those of the Division of Trading and Markets and do not necessarily represent the views of the Commission or those of any other unit of its staff.

Very truly yours,



Andrea M. Corcoran  
Director