

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6, 7a, 18, 21, 25 of this title.

**§ 3. Transaction in interstate commerce**

For the purposes of this chapter (but not in any wise limiting the definition of interstate commerce in section 2 of this title) a transaction in respect to any article shall be considered to be in interstate commerce if such article is part of that current of commerce usual in the commodity trade whereby commodities and commodity products and by-products thereof are sent from one State, with the expectation that they will end their transit, after purchase, in another, including in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for manufacture within the State and the shipment outside the State of the products resulting from such manufacture. Articles normally in such current of commerce shall not be considered out of such commerce through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this chapter. For the purpose of this section the word "State" includes Territory, the District of Columbia, possession of the United States, and foreign nation.

(Sept. 21, 1922, ch. 369, §2(b), 42 Stat. 998; June 15, 1936, ch. 545, §2, 49 Stat. 1491.)

## CODIFICATION

Section is comprised of subsec. (b) of section 2 of the Commodity Exchange Act, act Sept. 21, 1922. Part of subsec. (a) of such section 2 is classified to section 2 and the remainder of such subsec. (a) is classified to sections 2a, 4, and 4a of this title.

## AMENDMENTS

1936—Act June 15, 1936, substituted "commodity" and "commodities", as the case may require, for "grain" wherever appearing.

## EFFECTIVE DATE OF 1936 AMENDMENT

Amendment by act June 15, 1936, effective 90 days after June 15, 1936, see section 13 of that act, set out as a note under section 1 of this title.

## CROSS REFERENCES

Interstate commerce defined, see section 2 of this title.

Power of Congress to regulate interstate commerce, see Const. Art. I, §8, cl. 3.

**§ 4. Liability of principal for act of agent**

For the purpose of this chapter the act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust, as well as of such official, agent, or other person.

(Sept. 21, 1922, ch. 369, §2(a)(1)(A)(iii), formerly §2(a), 42 Stat. 998; renumbered §2(a)(1), Oct. 23, 1974, Pub. L. 93-463, title I, §101(a)(1), 88 Stat. 1389; renumbered §2(a)(1)(A), Jan. 11, 1983, Pub. L. 97-444, title I, §101(a)(1), 96 Stat. 2294; renumbered §2(a)(1)(A)(iii), Oct. 28, 1992, Pub. L. 102-546, title IV, §404(b)(6), 106 Stat. 3628.)

## CODIFICATION

Section is comprised of part of subsec. (a)(1)(A)(iii) of section 2 of the Commodity Exchange Act, act Sept. 21, 1922. Subsec. (a)(1)(A)(i), (ii) is classified to section 2 of this title. Subsec. (a)(1)(B) is classified to section 2a of this title. Subsecs. (a)(2) to (11) of section 2 of the Commodity Exchange Act are classified to section 4a of this title. Subsec. (b) of section 2 of the Commodity Exchange Act is classified to section 3 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 7a, 18, 21, 25 of this title.

**§ 4a. Commodity Futures Trading Commission****(a) Establishment; composition; term of Commissioners**

(1) There is hereby established, as an independent agency of the United States Government, a Commodity Futures Trading Commission. The Commission shall be composed of five Commissioners who shall be appointed by the President, by and with the advice and consent of the Senate. In nominating persons for appointment, the President shall—

(i) select persons who shall each have demonstrated knowledge in futures trading or its regulation, or the production, merchandising, processing or distribution of one or more of the commodities or other goods and articles, services, rights, and interests covered by this chapter; and

(ii) seek to ensure that the demonstrated knowledge of the Commissioners is balanced with respect to such areas.

Not more than three of the members of the Commission shall be members of the same political party. Each Commissioner shall hold office for a term of five years and until his successor is appointed and has qualified, except that he shall not so continue to serve beyond the expiration of the next session of Congress subsequent to the expiration of said fixed term of office, and except (i) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (ii) the terms of office of the Commissioners first taking office after the enactment of this paragraph shall expire as designated by the President at the time of nomination, one at the end of one year, one at the end of two years, one at the end of three years, one at the end of four years, and one at the end of five years.

(2) The President shall appoint, by and with the advice and consent of the Senate, a member of the Commission as Chairman, who shall serve as Chairman at the pleasure of the President. An individual may be appointed as Chairman at the same time that person is appointed as a Commissioner. The Chairman shall be the chief administrative officer of the Commission and shall preside at hearings before the Commission. At any time, the President may appoint, by and with the advice and consent of the Senate, a different Chairman, and the Commissioner previously appointed as Chairman may complete that Commissioner's term as a Commissioner.

**(b) Vacancies**

A vacancy in the Commission shall not impair the right of the remaining Commissioners to exercise all the powers of the Commission.

**(c) General Counsel**

The Commission shall have a General Counsel, who shall be appointed by the Commission and serve at the pleasure of the Commission. The General Counsel shall report directly to the Commission and serve as its legal advisor. The Commission shall appoint such other attorneys as may be necessary, in the opinion of the Commission, to assist the General Counsel, represent the Commission in all disciplinary proceedings pending before it, represent the Commission in courts of law whenever appropriate, assist the Department of Justice in handling litigation concerning the Commission in courts of law, and perform such other legal duties and functions as the Commission may direct.

**(d) Executive Director**

The Commission shall have an Executive Director, who shall be appointed by the Commission and serve at the pleasure of the Commission. The Executive Director shall report directly to the Commission and perform such functions and duties as the Commission may prescribe.

**(e) Powers and functions of Chairman**

(1) Except as otherwise provided in this subsection and in subsections (c) and (d) of this section, the executive and administrative functions of the Commission, including functions of the Commission with respect to the appointment and supervision of personnel employed under the Commission, the distribution of business among such personnel and among administrative units of the Commission, and the use and expenditure of funds, according to budget categories, plans, programs, and priorities established and approved by the Commission, shall be exercised solely by the Chairman.

(2) In carrying out any of his functions under the provisions of this subsection, the Chairman shall be governed by general policies, plans, priorities, and budgets approved by the Commission and by such regulatory decisions, findings, and determination as the Commission may by law be authorized to make.

(3) The appointment by the Chairman of the heads of major administrative units under the Commission shall be subject to the approval of the Commission.

(4) Personnel employed regularly and full time in the immediate offices of Commissioners other than the Chairman shall not be affected by the provisions of this subsection.

(5) There are hereby reserved to the Commission its functions with respect to revising budget estimates and with respect to determining the distribution of appropriated funds according to major programs and purposes.

(6) The Chairman may from time to time make such provisions as he shall deem appropriate authorizing the performance by any officer, employee, or administrative unit under his jurisdiction of any functions of the Chairman under this subsection.

**(f) Conflict of interest**

No Commissioner or employee of the Commission shall accept employment or compensation from any person, exchange, or clearinghouse subject to regulation by the Commission under

this chapter during his term of office, nor shall he participate, directly or indirectly, in any contract market operations or transactions of a character subject to regulation by the Commission.

**(g) Liaison with Department of Agriculture; communications with Department of Treasury, Federal Reserve Board, and Securities and Exchange Commission; application by a board of trade for designation as a contract market for future delivery of securities**

(1) The Commission shall, in cooperation with the Secretary of Agriculture, maintain a liaison between the Commission and the Department of Agriculture. The Secretary shall take such steps as may be necessary to enable the Commission to obtain information and utilize such services and facilities of the Department of Agriculture as may be necessary in order to maintain effectively such liaison. In addition, the Secretary shall appoint a liaison officer, who shall be an employee of the Office of the Secretary, for the purpose of maintaining a liaison between the Department of Agriculture and the Commission. The Commission shall furnish such liaison officer appropriate office space within the offices of the Commission and shall allow such liaison officer to attend and observe all deliberations and proceedings of the Commission.

(2)(i) The Commission shall maintain communications with the Department of the Treasury, the Board of Governors of the Federal Reserve System, and the Securities and Exchange Commission for the purpose of keeping such agencies fully informed of Commission activities that relate to the responsibilities of those agencies, for the purpose of seeking the views of those agencies on such activities, and for considering the relationships between the volume and nature of investment and trading in contracts of sale of a commodity for future delivery and in securities and financial instruments under the jurisdiction of such agencies.

(ii) When a board of trade applies for designation as a contract market involving transactions for future delivery of any security issued or guaranteed by the United States or any agency thereof, the Commission shall promptly deliver a copy of such application to the Department of the Treasury and the Board of Governors of the Federal Reserve System. The Commission may not designate a board of trade as a contract market based on such application until forty-five days after the date the Commission delivers the application to such agencies or until the Commission receives comments from each of such agencies on the application, whichever period is shorter. Any comments received by the Commission from such agencies shall be included as part of the public record of the Commission's designation proceeding. In designating, or refusing, suspending, or revoking the designation of, a board of trade as a contract market involving transactions for future delivery referred to in this clause or in considering possible emergency action under section 12a(9) of this title with respect to such transactions, the Commission shall take into consideration all comments it receives from the Department of the Treasury and the Board of Governors of the

Federal Reserve System and shall consider the effect that any such designation, suspension, revocation, or emergency action may have on the debt financing requirements of the United States Government and the continued efficiency and integrity of the underlying market for government securities.

(iii) The provisions of this subparagraph shall not create any rights, liabilities, or obligations upon which actions may be brought against the Commission.

**(h) Transmittal of budget requests and legislative recommendations to Congressional committees**

(1) Whenever the Commission submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit copies of that estimate or request to the House and Senate Appropriations Committees and the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry.

(2) Whenever the Commission transmits any legislative recommendations, or testimony, or comments on legislation to the President or the Office of Management and Budget, it shall concurrently transmit copies thereof to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry. No officer or agency of the United States shall have any authority to require the Commission to submit its legislative recommendations, or testimony, or comments on legislation to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress. In instances in which the Commission voluntarily seeks to obtain the comments or review of any officer or agency of the United States, the Commission shall include a description of such actions in its legislative recommendations, testimony, or comments on legislation which it transmits to the Congress.

(3) Whenever the Commission issues for official publication any opinion, release, rule, order, interpretation, or other determination on a matter, the Commission shall provide that any dissenting, concurring, or separate opinion by any Commissioner on the matter be published in full along with the Commission opinion, release, rule, order, interpretation, or determination.

**(i) Seal**

The Commission shall have an official seal, which shall be judicially noticed.

**(j) Rules and regulations**

The Commission is authorized to promulgate such rules and regulations as it deems necessary to govern the operating procedures and conduct of the business of the Commission.

(Sept. 21, 1922, ch. 369, §2(a)(2)–(11), as added Oct. 23, 1974, Pub. L. 93–463, title I, §101(a)(3), 88 Stat. 1389; amended Sept. 30, 1978, Pub. L. 95–405, §2(2)–(15), 92 Stat. 865–867; Jan. 11, 1983, Pub. L. 97–444, title II, §202, 96 Stat. 2298; Oct. 28, 1992, Pub. L. 102–546, title II, §§215, 226, 106 Stat. 3611, 3618.)

**CODIFICATION**

Section is comprised of pars. (2) to (11) of section 2(a) of the Commodity Exchange Act. For purposes of codi-

fication the numbered pars. (2) to (11) have been translated as subsecs. (a) to (j), respectively, of this section, with subpars. (A) and (B) of par. (2), subpars. (A) to (F) of par. (6), subpars. (A) and (B) of par. (7), subpars. (A) and (B) of par. (8), and subpars. (A) to (C) of par. (9) in the original being translated as pars. (1) and (2) of subsec. (a), pars. (1) to (6) of subsec. (e), pars. (1) and (2) of subsec. (f), pars. (1) and (2) of subsec. (g), and pars. (1) to (3) of subsec. (h) of this section, respectively.

Par. (1) of section 2(a) of the Commodity Exchange Act is classified to sections 2, 2a, and 4 of this title.

Subsec. (b) of section 2 of the Commodity Exchange Act is classified to section 3 of this title.

**AMENDMENTS**

1992—Subsec. (a)(1). Pub. L. 102–546, §215, substituted second and third sentences for “The Commission shall be composed of five Commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. In nominating persons for appointment, the President shall seek to establish and maintain a balanced Commission, including, but not limited to, persons of demonstrated knowledge in futures trading or its regulation and persons of demonstrated knowledge in the production, merchandising, processing or distribution of one or more of the commodities or other goods and articles, services, rights and interests covered by this chapter.”

Subsec. (h)(3). Pub. L. 102–546, §226, added par. (3).

1983—Subsec. (f). Pub. L. 97–444 struck out subpar. designation of first par. and subpar. designation and provisions of second par. which prohibited any representative activities before the Commission for a one year period upon termination of employment occurring on a day more than four months after Sept. 30, 1978, of any Commissioner or employee of the Commission having a GS–16 or higher classified position excepted from the competitive service because of its confidential or policymaking character.

1978—Subsec. (a). Pub. L. 95–405, §2(2)–(5), designated existing provisions as par. (1) and substituted “five Commissioners” for “a chairman and four other Commissioners”, “(i)” for “(A)”, and “(ii)” for “(B)”, and added par. (2).

Subsec. (d). Pub. L. 95–405, §2(6), struck out “, by and with the advice and consent of the Senate,” after “by the Commission”.

Subsec. (e)(1). Pub. L. 95–405, §2(7), inserted “according to budget categories, plans, programs, and priorities established and approved by the Commission,” after “expenditure of funds,”.

Subsec. (e)(2). Pub. L. 95–405, §2(8), substituted “, plans, priorities, and budgets approved by the Commission” for “of the Commission”.

Subsec. (f). Pub. L. 95–405, §2(9), (10), designated existing provisions as par. (1) and added par. (2).

Subsec. (g). Pub. L. 95–405, §2(11)–(13), designated existing provisions as par. (1), substituted “maintain” for “establish a separate office within the Department of Agriculture to be staffed with employees of the Commission for the purpose of maintaining”, and added par. (2).

Subsec. (h)(1), (2). Pub. L. 95–405, §2(14), (15), substituted “Senate Committee on Agriculture, Nutrition, and Forestry” for “Senate Committee on Agriculture and Forestry”.

**EFFECTIVE DATE OF 1983 AMENDMENT**

Amendment by Pub. L. 97–444 effective Jan. 11, 1983, see section 239 of Pub. L. 97–444, set out as a note under section 2 of this title.

**EFFECTIVE DATE OF 1978 AMENDMENT**

Amendment by Pub. L. 95–405 effective Oct. 1, 1978, see section 28 of Pub. L. 95–405, set out as a note under section 2 of this title.

**EFFECTIVE DATE**

For effective date of section, see section 418 of Pub. L. 93–463, set out as an Effective Date of 1974 Amendment note under section 2 of this title.

## SEPARABILITY

Section 413 of Pub. L. 93-463 provided that: "If any provision of this Act [see Short Title of 1974 Amendment note set out under section 1 of this title] or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and the application of such provisions to other persons or circumstances shall not be affected thereby."

## COMPETITIVENESS STUDY

Section 219 of Pub. L. 102-546 provided that:

"(a) IN GENERAL.—No later than eighteen months following the enactment of this Act [Oct. 28, 1992], the Commodity Futures Trading Commission shall study the competitiveness of boards of trade over which it has jurisdiction compared with the boards of trade (or their foreign equivalent) over which foreign futures authorities, as defined in section 2(a)(1)(A) of the Commodity Exchange Act (7 U.S.C. 2(a)(1)(A)) [see 7 U.S.C. 1a(10)], have jurisdiction, and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report of its findings with respect to—

"(1) the overall competitive status of United States boards of trade in the world market;

"(2) a comparison of applicable statutes, rules, or regulations as they relate to futures and options administered and enforced by the Commission and those administered and enforced by foreign futures authorities;

"(3) any trends in, or movements of, volume of futures and options trading to or from United States boards of trade during the period of the study, and whether such trends or movements, if any, were the result of the adoption of statutes, regulations, or other enforcement mechanisms in foreign countries or the United States, as opposed to other competitive, economic, regional, or commercial factors;

"(4) any significant harms or risks to the public interest, market users, traders, and commerce in relation to futures or options traded on such foreign boards of trade which may result from the absence of statutes, regulations, or other enforcement mechanisms in foreign countries or the United States or disparities in regulatory protections offered by United States and foreign authorities; and

"(5) any recommendations the Commission may have as a result of the study to enhance the competitive status of United States boards of trade in the world market, or to enhance the regulations of markets in the global environment, that will not impair customer confidence in United States boards of trade.

"(b) COOPERATION.—To promote the efficient use of resources, the Commission shall endeavor, as it determines appropriate, to obtain the assistance of the General Accounting Office, the Office of the United States Trade Representative, or other appropriate offices of the Federal Government in order to obtain information with regard to trading at foreign boards of trade and the regulation of such boards of trade by foreign futures authorities."

## SILVER MARKETS ACTIVITY, SEPTEMBER 1979 THROUGH MARCH 1980; REPORT TO CONGRESS

Act Sept. 21, 1922, ch. 369, § 21, as added by Pub. L. 96-276, § 7, June 17, 1980, 94 Stat. 542, which required Commission to establish a joint working group with Federal Reserve Board, Department of the Treasury, and Securities and Exchange Commission to analyze and issue a report by Oct. 1, 1980, on the various aspects of events in silver cash and futures markets during period of September 1979 through March 1980, was repealed by Pub. L. 102-546, title IV, § 402(13), Oct. 28, 1992, 106 Stat. 3625.

## NON-ABATEMENT OF PENDING PROCEEDINGS

Section 412 of Pub. L. 93-463 provided that: "Pending proceedings under existing law shall not be abated by reason of any provision of this Act [see Short Title

note set out under section 1 of this title] but shall be disposed of pursuant to the applicable provisions of the Commodity Exchange Act, as amended [this chapter], in effect prior to the effective date of this Act [see Effective Date of 1974 Amendment note set out under section 2 of this title]."

## PROVISIONAL DESIGNATION OF CONTRACT MARKETS; PROVISIONAL REGISTRATION OF FUTURES COMMISSION MERCHANTS, FLOOR BROKERS, ASSOCIATED PERSONS, COMMODITY TRADING ADVISORS, AND COMMODITY POOL OPERATORS; EXTENSION OF EFFECTIVE DATES

Pub. L. 94-16, § 1, Apr. 16, 1975, 89 Stat. 77, provided that the Commodity Futures Trading Commission would, in its discretion, and without prior notice of hearings, grant provisional designation as a contract market to any boards of trade for any commodities traded thereon for such period not in excess of ninety days from the effective date of the Commodity Futures Trading Commission Act of 1974 [see Effective Date of 1974 Amendment note set out under section 2 of this title] and under such terms and conditions as it prescribed, and that upon the expiration of any provisional designation of a board of trade as a contract market, such board of trade should not be designated as a contract market except as provided in section 6 of the Commodity Exchange Act, as amended [section 8 et seq. of this title]; would grant provisional registration as a futures commission merchant, floor broker, associated person, commodity trading adviser, and commodity pool operator to any person for such period not in excess of ninety days from the effective date of the Commodity Futures Trading Commission Act of 1974 (Public Law 93-463) [see Effective Date of 1974 Amendment note set out under section 2 of this title] and under such terms and conditions as it prescribed; and would defer for such period not in excess of ninety days from the effective date of the Act [see Effective Date of 1974 Amendment note under section 2 of this title], the effective dates of sections 204, 205, 210, and 407 of the Commodity Futures Trading Commission Act of 1974 (Public Law 93-463) [enacting sections 6k, 6l, 6m, 6n, 6o, and 7a(12) and amending sections 7a(8), 9, and 12a(1) of this title].

## REPORT AND RECOMMENDATIONS TO CONGRESS RESPECTING NEED FOR INSURANCE COVERING INSOLVENCY OR FAILURE OF FUTURES COMMISSION MERCHANTS

Section 417 of Pub. L. 93-463 required that the Commodity Futures Trading Commission submit to the Congress, not later than June 30, 1976, a report respecting the need for legislation insuring owners of commodity futures accounts and persons handling or clearing trades in such accounts against loss by reason of the insolvency or financial failure of a futures commission merchant carrying such accounts and that the report contain the recommendations of the Commission concerning the form and nature of any such legislation.

## TRANSFER OF OPERATIONS TO COMMODITY FUTURES TRADING COMMISSION

Section 411 of Pub. L. 93-463 provided that all operations of the Commodity Exchange Commission and of the Secretary of Agriculture under the Commodity Exchange Act [this chapter], including all pending administrative proceedings, be transferred to the Commodity Futures Trading Commission as of the effective date of Pub. L. 93-463 [see Effective Date of 1974 Amendment note set out under section 2 of this title] and continue to completion and that all rules, regulations, and orders theretofore issued by the Commodity Exchange Commission and by The Secretary of Agriculture under the Commodity Exchange Act [this chapter] to the extent not inconsistent with the provisions of Pub. L. 93-463 [see Short Title note set out under section 1 of this title] continue in full force and effect unless and until terminated, modified, or suspended by the Commodity Futures Trading Commission.

TRANSFER OF PERSONNEL, PROPERTY, RECORDS, AND FUNDS TO COMMODITY FUTURES TRADING COMMISSION

Section 104 of Pub. L. 93-463 authorized the transfer of all of the personnel of the Commodity Exchange Authority, property, records, and unexpended balance of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with administration of the Commodity Exchange Act [this chapter] to the Commodity Futures Trading Commission upon the effective date of Pub. L. 93-463 [see Effective Date of 1974 Amendment note set out under section 2 of this title].

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1a of this title.

## § 5. Legislative findings

Transactions in commodities involving the sale thereof for future delivery as commonly conducted on boards of trade and known as “futures” are affected with a national public interest. Such futures transactions are carried on in large volume by the public generally and by persons engaged in the business of buying and selling commodities and the products and byproducts thereof in interstate commerce. The prices involved in such transactions are generally quoted and disseminated throughout the United States and in foreign countries as a basis for determining the prices to the producer and the consumer of commodities and the products and byproducts thereof and to facilitate the movements thereof in interstate commerce. Such transactions are utilized by shippers, dealers, millers, and others engaged in handling commodities and the products and byproducts thereof in interstate commerce as a means of hedging themselves against possible loss through fluctuations in price. The transactions and prices of commodities on such boards of trade are susceptible to excessive speculation and can be manipulated, controlled, cornered or squeezed, to the detriment of the producer or the consumer and the persons handling commodities and the products and byproducts thereof in interstate commerce, rendering regulation imperative for the protection of such commerce and the national public interest therein. Furthermore, transactions which are of the character of, or are commonly known to the trade as, “options” are or may be utilized by commercial and other entities for risk shifting and other purposes. Options transactions are in interstate commerce or affect such commerce and the national economy, rendering regulation of such transactions imperative for the protection of such commerce and the national public interest.

(Sept. 21, 1922, ch. 369, § 3, 42 Stat. 999; June 15, 1936, ch. 545, § 2, 49 Stat. 1491; Jan. 11, 1983, Pub. L. 97-444, title II, § 203, 96 Stat. 2298.)

AMENDMENTS

1983—Pub. L. 97-444 reenacted provisions punctuated with semicolons as sentences, substituted “commodities” for “commodity” wherever appearing, substituted “susceptible to excessive speculation and can be manipulated, controlled, cornered or squeezed, to the detriment of the producer or the consumer and the persons handling commodities and the products and byproducts thereof in interstate commerce, rendering” for “susceptible to speculation, manipulation, or control, which are detrimental to the producer or the con-

sumer and the persons handling commodity and products and byproducts thereof in interstate commerce, and such fluctuations in prices are an obstruction to and a burden upon interstate commerce in commodity and the products and byproducts thereof and render”, and inserted provisions respecting “options” and “options transactions”.

1936—Act June 15, 1936, substituted “commodity” for “grain” wherever appearing.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97-444 effective Jan. 11, 1983, see section 239 of Pub. L. 97-444, set out as a note under section 2 of this title.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment by act June 15, 1936, effective 90 days after June 15, 1936, see section 13 of that act, set out as a note under section 1 of this title.

## § 6. Regulation of futures trading and foreign transactions

### (a) Restriction of futures trading to contract markets

Unless exempted by the Commission pursuant to subsection (c) of this section, it shall be unlawful for any person to offer to enter into, to enter into, to execute, to confirm the execution of, or to conduct any office or business anywhere in the United States, its territories or possessions, for the purpose of soliciting or accepting any order for, or otherwise dealing in, any transaction in, or in connection with, a contract for the purchase or sale of a commodity for future delivery (other than a contract which is made on or subject to the rules of a board of trade, exchange, or market located outside the United States, its territories or possessions) unless—

(1) such transaction is conducted on or subject to the rules of a board of trade which has been designated by the Commission as a “contract market” for such commodity;

(2) such contract is executed or consummated by or through a member of such contract market; and

(3) such contract is evidenced by a record in writing which shows the date, the parties to such contract and their addresses, the property covered and its price, and the terms of delivery: *Provided*, That each contract market member shall keep such record for a period of three years from the date thereof, or for a longer period if the Commission shall so direct, which record shall at all times be open to the inspection of any representative of the Commission or the Department of Justice.

### (b) Regulation of foreign transactions by United States persons

The Commission may adopt rules and regulations proscribing fraud and requiring minimum financial standards, the disclosure of risk, the filing of reports, the keeping of books and records, the safeguarding of customers’ funds, and registration with the Commission by any person located in the United States, its territories or possessions, who engages in the offer or sale of any contract of sale of a commodity for future delivery that is made or to be made on or subject to the rules of a board of trade, exchange, or market located outside the United States, its territories or possessions. Such rules