

Security Futures

April 2014 Supplement to the Security Futures Risk Disclosure Statement

Implementation Date: June 23, 2014

Executive Summary

FINRA has released the [April 2014 Supplement](#) (Supplement) to the October 2002 [Security Futures Risk Disclosure Statement](#) (Statement).¹ The Supplement adds new disclosure to accommodate proposed changes by OneChicago, LLC, to list a product with a physical delivery settlement cycle shorter than three business days. The implementation date of the Supplement is June 23, 2014.

Questions concerning this *Notice* should be directed to Matthew E. Vitek, Assistant General Counsel, Office of General Counsel, at (202) 728-8156.

Background & Discussion

FINRA has released the Supplement to the Statement. The Statement contains general disclosures on the characteristics and risks of security futures. The Supplement accommodates proposed changes by OneChicago, LLC, to list a product with a physical delivery settlement cycle shorter than three business days. The Supplement discloses that settlement by physical delivery may be effected on a timeframe shorter than three business days based on the rules of the exchange and subject to the National Securities Clearing Corporation's Rules and Procedures. As with the [previous supplement](#) to the Statement, the Supplement should be read in conjunction with the Statement.

FINRA Rule 2370(b)(11) requires a firm to deliver the current Statement to each customer at or prior to the time such customer's account is approved for trading security futures. Thereafter, the rule requires the firm to distribute each new or revised Statement to each customer having an account approved for such trading or, in the alternative, not later than the time a confirmation of a transaction is delivered to each customer that enters into a security futures transaction. Firms may separately distribute new supplements to such customers; firms are not required to redistribute the entire Statement or the earlier supplement.

May 2014

Notice Type

- ▶ Guidance

Suggested Routing

- ▶ Compliance
- ▶ Institutional
- ▶ Legal
- ▶ Senior Management
- ▶ Trading

Key Topics

- ▶ Security Futures
- ▶ Security Futures Risk Disclosure Statement

Referenced Rules & Notices

- ▶ FINRA Rule 2370
- ▶ NTM 98-3

FINRA reminds firms that they may electronically transmit documents that they are required to furnish to customers under FINRA rules, including the Supplement, provided firms adhere to the standards contained in the SEC's May 1996 and October 1995 releases on electronic delivery,² and as discussed in [Notice to Members 98-3](#). Firms also may transmit the proposed supplement to customers through the use of a hyperlink, provided that customers have consented to electronic delivery.

The implementation date of the Supplement is June 23, 2014.

Endnotes

1. See Securities Exchange Act Release No. 71981 (April 21, 2014), 79 FR 23034 (April 25, 2014) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change; File No. SR-FINRA-2014-019).
2. See Securities Act Release No. 7288 (May 9, 1996), 61 FR 24644 (May 15, 1996) and Securities Act Release No. 7233 (October 6, 1995), 60 FR 53458 (October 13, 1995).