



NATIONAL
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Trading in the Retail Off-Exchange Foreign Currency Market:

*What Investors
Need to Know*

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National Futures Association is a congressionally authorized self-regulatory organization of the United States futures industry. Its mission is to provide innovative regulatory programs and services that protect investors and ensure market integrity.

NFA has prepared this booklet as part of its continuing public education efforts to provide information to potential investors. The booklet presents an overview of the retail off-exchange foreign currency market and provides other important information that investors need to know before they invest in the off-exchange foreign currency market.



INTRODUCTION

Companies and individuals may speculate in foreign currency exchange rates (commonly referred to as “forex”), and a number of firms are presently offering off-exchange foreign currency futures and options contracts to the public. If you are a retail investor considering participating in this market, you need to fully understand the market and some of its unique features. NFA has prepared this booklet to educate you about off-exchange foreign currency trading.

Like many other investments, off-exchange foreign currency trading carries a high level of risk and may not be suitable for all investors. In fact, you could lose all of your initial investment and may be liable for additional losses. Therefore, you need to understand the risks associated with this product so you may make an informed investment decision.

You should also understand the language of the forex markets before trading in those markets. The glossary in the back of this booklet defines some of the most commonly used terms.

This booklet does not suggest that you should or should not participate in the retail off-exchange foreign currency market. You should make that decision after consulting with your financial advisor and considering your own financial situation and objectives. In that regard, you may find this booklet helpful as one component of the due diligence process that investors are encouraged to undertake before making any investment decisions about the off-exchange foreign currency market.

Finally, the discussion in this booklet assumes you are funding your forex account with US dollars. The principles in this booklet apply to all currencies, however.

THE FOREIGN CURRENCY MARKETS

What are foreign currency exchange rates?

Foreign currency exchange rates are what it costs to exchange one country's currency for another country's currency. For example, if you go to England on vacation, you will have to pay for your hotel, meals, admissions fees, souvenirs and other expenses in British pounds. Since your money is all in US dollars, you will have to use (sell) some of your dollars to buy British pounds.

Assume you go to your bank before you leave and buy \$1,000 worth of British pounds. If you get 565.83 British pounds (£565.83) for your \$1,000, each dollar is worth .56583 British pounds. This is the exchange rate for converting dollars to pounds.

If £565.83 isn't enough cash for your trip, you will have to exchange more US dollars for pounds while in England. Assume you buy another \$1,000 worth of British pounds from a bank in England and get only £557.02 for your \$1,000. The exchange rate for converting dollars to pounds has dropped from .56583 to .55702. This means that US dollars are worth less compared to the British pound than they were before you left on vacation.

Assume that you have £100 left when you return home. You go to your bank and use the pounds to buy US dollars. If the bank gives you \$179.31, each British pound is worth 1.7931 dollars. This is the exchange rate for converting pounds to dollars.

Theoretically, you can convert the exchange rate for buying a currency to the exchange rate for selling a currency, and vice versa, by dividing 1 by the known rate. For example, if the exchange rate for buying British pounds with US dollars is .56011, the exchange rate for buying US dollars with British pounds is 1.78536 ($1 \div .56011 = 1.78536$). Similarly, if the exchange rate for buying US dollars with British pounds is 1.78536, the exchange rate for buying British pounds with US dollars is .56011 ($1 \div 1.78536 = .56011$). This is how newspapers often report currency exchange rates.

As a practical matter, however, you will not be able to buy and sell the currency at the same price, and you will not receive the price quoted in the newspaper. This is because banks and other market participants make money by selling the currency to customers for more than they paid to buy it and by buying the currency from customers for less than they will receive when they sell it. The difference is called a spread and is discussed later in this booklet.

How can I trade foreign currency exchange rates?

As you can see from the example, currency exchange rates fluctuate. As the value of one currency rises or falls relative to another, traders decide to buy or sell currencies to make profits. Retail customers also participate in the forex market, generally as speculators who are hoping to profit from changes in currency rates.

Foreign currency exchange rates may be traded in one of three ways:

1. On an exchange that is regulated by the Commodity Futures Trading Commission (CFTC). For example, the Chicago Mercantile Exchange offers forex futures and options on futures products. Exchange-traded forex futures and options provide their users with a liquid, secondary market for contracts with a set unit size, a fixed expiration date and centralized clearing.
2. On an exchange that is regulated by the Securities and Exchange Commission (SEC). For example, the Philadelphia Stock Exchange offers options on currencies (i.e., the right but not the obligation to buy or sell a currency at a specific rate within a specified time). Exchange-traded options on currencies have characteristics similar to exchange-traded futures and options (e.g., a liquid, secondary market with a set size, a fixed expiration date and centralized clearing).
3. In the off-exchange, also called the over-the-counter (OTC), market. A retail customer trades directly with a counterparty and there is no exchange or central clearing house to support the transaction. Off-exchange trading is subject to limited regulatory oversight.

This brochure focuses on the off-exchange foreign currency market.



How does the off-exchange currency market work?

The off-exchange forex market is a large, growing and liquid financial market that operates 24 hours a day. It is not a market in the traditional sense because there is no central trading location or “exchange.” Most of the trading is conducted by telephone or through electronic trading networks.

The primary market for currencies is the “interbank market” where banks, insurance companies, large corporations and other large financial institutions manage the risks associated with fluctuations in currency rates. The true interbank market is only available to institutions that trade in large quantities and have a very high net worth.

In recent years, a secondary OTC market has developed that permits retail investors to participate in forex transactions. While this secondary market does not provide the same prices as the interbank market, it does have many of the same characteristics.

How are foreign currencies quoted and priced?

Currencies are designated by three letter symbols. The standard symbols for some of the most commonly traded currencies are:

EUR	Euros
USD	United States dollar
CAD	Canadian dollar
GBP	British pound
JPY	Japanese yen
AUD	Australian dollar
CHF	Swiss franc

Forex transactions are quoted in pairs because you are buying one currency while selling another. The first currency is the base currency and the second currency is the quote currency. The price, or rate, that is quoted is the amount of the second currency required to purchase one unit of the first currency. For example, if EUR/USD has an ask price of 1.2178, you can buy one Euro for 1.2178 US dollars.

Currency pairs are often quoted as bid-ask spreads. The first part of the quote is the amount of the quote currency you will receive in exchange for one unit of the base currency (the bid price) and the second part of the quote is the amount of the quote currency you must spend for one unit of the base currency (the ask or offer price). In other words, a EUR/USD spread of 1.2170/1.2178 means that you can sell one Euro for \$1.2170 and buy one Euro for \$1.2178.

A dealer may not quote the full exchange rate for both sides of the spread. For example, the EUR/USD spread discussed above could be quoted as 1.2170/78. The customer should understand that the first three numbers are the same for both sides of the spread.

What transaction costs will I pay?

Although dealers who are regulated by NFA must disclose their charges to retail customers, there are no rules about how a dealer charges a customer for the services the dealer provides or that limit how much the dealer can charge. Before opening an account, you should check with several dealers and compare their charges as well as their services. If you were solicited by or place your trades through someone other than the dealer, or if your account is managed by someone, you may be charged a separate amount for the third party's services.

Some firms charge a per trade commission, while other firms charge a mark-up by widening the spread between the bid and ask prices they give their customers. In the earlier example, assume that the dealer can get a EUR/USD spread of 1.2173/75 from a bank. If the dealer widens the spread to 1.2170/78 for its customers, the dealer has marked up the spread by .0003 on each side.

Some firms may charge both a commission and a mark-up. Firms may also charge a different mark-up for buying the base currency than for selling it. You should read your agreement with the dealer carefully and be sure you understand how the firm will charge you for your trades.

How do I close out a trade?

Retail forex transactions are normally closed out by entering into an equal but opposite transaction with the dealer. For example, if you bought Euros with U.S. dollars, you would close out the trade by selling Euros for U.S. dollars. This is also called an offsetting or liquidating transaction.

Most retail forex transactions have a settlement date when the currencies are due to be delivered. If you want to keep your position open beyond the settlement date, you must roll the position over to the next settlement date. Some dealers roll open positions over automatically, while other dealers may require you to request the rollover. Most dealers charge a rollover fee based upon the interest rate differential between the two currencies in the pair. You should check your agreement with the dealer to see what, if anything, you must do to roll a position over and what fees you will pay for the rollover.

How do I calculate profits and losses?

When you close out a trade, you can calculate your profits and losses using the following formula:

Price (exchange rate) when selling the base currency – price when buying the base currency X transaction size = profit or loss

Assume you buy Euros (EUR/USD) at 1.2178 and sell Euros at 1.2188. If the transaction size is 100,000 Euros, you will have a \$100 profit.

$$(\$1.2188 - \$1.2178) \times 100,000 = \$0.001 \times 100,000 = \$100$$

Similarly, if you sell Euros (EUR/USD) at 1.2170 and buy Euros at 1.2180, you will have a \$100 loss.

$$(\$1.2170 - \$1.2180) \times 100,000 = -\$0.001 \times 100,000 = -\$100$$

You can also calculate your unrealized profits and losses on open positions. Just substitute the current bid or ask rate for the action you will take when closing out the position. For example, if you bought Euros at 1.2178 and the current bid rate is 1.2173, you have an unrealized loss of \$50.

$$(\$1.2173 - \$1.2178) \times 100,000 = -\$0.0005 \times 100,000 = -\$50$$

Similarly, if you sold Euros at 1.2170 and the current ask rate is 1.2165, you have an unrealized profit of \$50.

$$(\$1.2170 - \$1.2165) \times 100,000 = \$0.0005 \times 100,000 = \$50$$

If the quote currency is not in US dollars, you will have to convert the profit or loss to US dollars at the dealer's rate. Further, if the dealer charges commissions or other fees, you must subtract those commissions and fees from your profits and add them to your losses to determine your true profits and losses.

How much money do I need to trade forex?

Forex dealers can set their own minimum account sizes, so you will have to ask the dealer how much money you must put up to begin trading. Most dealers will also require you to have a certain amount of money in your account for each transaction. This security deposit, sometimes called margin, is a percentage of the transaction value and may be different for different currencies. A security deposit acts as a performance bond and is not a down payment or partial payment for the transaction.

Dealers who are regulated by NFA are required to calculate and collect security deposits that equal or exceed the percentage set by NFA rules. Although the percentage of the security deposit remains constant, the dollar amount of the security deposit will change with changes in the value of the currency being traded.

The formula for calculating the security deposit is:

Current price of base currency X transaction size X security deposit % = security deposit requirement given in quote currency

Returning to our Euro example with an initial price of \$1.2178 for each Euro and a transaction size of 100,000 Euros, a 1% security deposit would be \$1,217.80.

$$\$1.2178 \times 100,000 \times .01 = \$1,217.80$$

Security deposits allow customers to control transactions with a value many times larger than the funds in their accounts. In this example, \$1,217.80 would control \$121,780 worth of Euros.

$$\text{Value of Euros} = \$1.2178 \times 100,000 = \$121,780$$

This ability to control a large amount of one currency, in this case the Euro, using a very small percentage of its value is called leverage or gearing. In our example, the leverage is 100:1 because the security deposit controls Euros worth 100 times the amount of the deposit.

Since leverage allows you to control large amounts of currency for a very small amount, it magnifies the percentage amount of your profits and losses. A profit or loss of \$1,217.80 on the Euro transaction is 1% of the full price (with leverage of 1:1) but is 100% of the 1% security deposit. The dollar amount of profits and losses does not change with leverage, however. The profit or loss is \$1,217.80 whether the leverage is 100:1 or 25:1 or 1:1.

The higher the leverage, the more likely you are to lose your entire investment if exchange rates go down when you expect them to go up (or go up when you expect them to go down). Leverage of 100:1 means that you will lose your initial investment when the currency loses (or gains) 1% of its value, and you will lose more than your initial investment if the currency loses (or gains) more than 1% of its value. If you want to keep the position open, you may have to deposit additional funds to maintain a 1% security deposit.

Some dealers guarantee that you will not lose more than you invest, which includes both the initial deposit and any subsequent deposits to keep the position open. Other dealers may charge you for losses that are greater than that amount. You should check your agreement with the dealer to see if the agreement limits your losses.



Can I trade options on foreign currency transactions?

A number of firms are presently offering options on off-exchange foreign currency contracts. Buying and selling forex options present additional risks, many of which are similar to those inherent in buying options on futures contracts. Therefore, you should consult NFA's brochure, *Buying Options on Futures Contracts: A Guide to Uses and Risks*, which discusses the mechanics and risks of options trading.

There are two significant differences between buying off-exchange forex options and buying options on futures contracts. First, when you exercise an option on an exchange-traded futures contract, you receive the underlying exchange-traded futures contract. When you exercise an off-exchange forex option, you will probably receive either a cash payment or a position in the underlying currency.

Second, NFA's options brochure only discusses American-style options, which can be exercised at any time before they expire. Many forex options are European-style options, which can be exercised **only** on or near the expiration date. You should understand which type of option you are purchasing.

Some of the common terms used in trading off-exchange foreign currency options are included in the glossary at the end of this booklet.

THE RISKS OF TRADING IN THE FOREX MARKET

Although every investment involves some risk, the risk of loss in trading off-exchange forex contracts can be substantial. Therefore, if you are considering participating in this market, you should understand some of the risks associated with this product so you can make an informed decision before investing.

As stated in the introduction to this booklet, off-exchange foreign currency trading carries a high level of risk and may not be suitable for all customers. The only funds that should ever be used to speculate in foreign currency trading, or any type of highly speculative investment, are funds that represent risk capital – i.e., funds you can afford to lose without affecting your financial situation. There are other reasons why forex trading may or may not be an appropriate investment for you, and they are highlighted below.

The market could move against you

No one can predict with certainty which way exchange rates will go, and the forex market is volatile. Fluctuations in the foreign exchange rate between the time you place the trade and the time you close it out will affect the price of your forex contract and the potential profit and losses relating to it.

You could lose your entire investment

You will be required to deposit an amount of money (often referred to as a “security deposit” or “margin”) with your forex dealer in order to buy or sell an off-exchange forex contract. As discussed earlier, a relatively small amount of money can enable you to hold a forex position worth many times the account value. This is referred to as leverage or gearing. The smaller the deposit in relation to the underlying value of the contract, the greater the leverage.

If the price moves in an unfavorable direction, high leverage can produce large losses in relation to your initial deposit. In fact, even a small move against your position may result in a large loss, including the loss of your entire deposit. Depending on your agreement with your dealer, you may also be required to pay additional losses.

You are relying on the dealer's creditworthiness and reputation

Retail off-exchange forex trades are not guaranteed by a clearing organization. Furthermore, funds that you have deposited to trade forex contracts are not insured and do not receive a priority in bankruptcy. Even customer funds deposited by a dealer in an FDIC-insured bank account are not protected if the dealer goes bankrupt.

There is no central marketplace

Unlike regulated futures exchanges, in the retail off-exchange forex market there is no central marketplace with many buyers and sellers. The forex dealer determines the execution price, so you are relying on the dealer's integrity for a fair price.

The trading system could break down

If you are using an Internet-based or other electronic system to place trades, some part of the system could fail. In the event of a system failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. A system failure may also result in loss of orders or order priority.

You could be a victim of fraud

As with any investment, you should protect yourself from fraud. Beware of investment schemes that promise significant returns with little risk. You should take a close and cautious look at the investment offer itself and continue to monitor any investment you do make.

OTHER ISSUES TO CONSIDER

In addition to understanding how the off-exchange forex market works and some of the risks associated with this product, there are other unique features about the market that you need to understand before you decide whether to invest in this market and which dealer to use.

Who regulates off-exchange foreign currency trading?

The CFTC has some regulatory authority over retail off-exchange forex markets. The Commodity Exchange Act (CEA) allows the sale of OTC forex futures and options to retail customers if, and only if, the counterparty (the person on the other side of the transaction) is a regulated entity. These regulated entities include the following:

- financial institutions, such as banks and savings associations,
- registered broker-dealers and certain of their affiliates,
- registered futures commission merchants (FCMs) and certain of their affiliates,
- certain insurance companies and their regulated affiliates
- financial holding companies, and
- investment bank holding companies.

Under the CEA, the CFTC has the authority to shut down any unregulated entity that acts as a counterparty to forex futures or options transactions with retail customers. The CFTC also has the authority to take action against registered FCMs and their affiliates for violating the anti-fraud and anti-manipulation provisions of the CEA in connection with OTC forex transactions involving retail customers, but the CFTC cannot adopt rules to regulate these transactions.

NFA has rules to protect customers in the retail off-exchange forex market. As mentioned later in this booklet, firms that introduce customers to forex dealers do not have to be regulated entities. NFA's rules provide, among other things, that a forex dealer FCM must take responsibility for the activities of unregulated entities that solicit retail customers. Additionally, NFA's rules require forex dealer FCMs to:

- observe high standards of commercial honor and just and equitable principles of trade in connection with the retail forex business;
- supervise their employees and agents and any affiliates that act as counterparties to retail forex transactions;
- maintain a minimum net capital requirement based on the value of open customer positions; and
- collect security deposits from those customers.

NFA's forex rules do not apply to all FCMs and their affiliates, however. Therefore, you should ask the dealer if NFA regulates its forex activities.



How can I learn more about the firms and individuals with whom I am trading?

As mentioned, only regulated entities, such as banks, insurance companies, broker-dealers or futures commission merchants, and affiliates of regulated entities may enter into off-exchange forex trades with retail customers. Therefore, you should ask the dealer how it is regulated and check with the dealer's regulator about the dealer's registration status and background. You should also ask the dealer if its regulator has adopted rules to regulate its retail forex activities.

Unlike forex dealers, firms and individuals that solicit retail accounts for forex dealers and manage those accounts do not have to be regulated or affiliated with a regulated firm. Therefore, you should find out if the person's forex activities are regulated and by whom. If the person is not regulated, you may be exposed to additional risks.

You can verify CFTC registration and NFA membership status of a particular firm or individual and check their disciplinary history by phoning NFA at 800-621-3570 or by checking the broker/firm information section (BASIC) of NFA's Web site at www.nfa.futures.org/basicnet/. You may also contact the other organizations listed at the end of this booklet in the Additional Resources section.

What are my rights and obligations?

Your relationship with your dealer is governed by your forex account agreement. Just as you wouldn't consider buying a house or a car without carefully reading and understanding the terms of the contract, neither should you establish a forex account without first reading and understanding the Account Agreement and all other documents supplied by your dealer. You should know your rights, responsibilities and the firm's obligations before you enter into any forex transaction. If you have questions about the Agreement, don't hesitate to ask.

What should I do if I have a problem with my forex account?

Disagreements are bound to occur from time to time in any industry. Your first step should be to contact the firm you have a disagreement with and try to reach a settlement. Both the CFTC and NFA offer programs that may be available for resolving monetary disputes involving your forex account. Whether NFA or the CFTC can accept your case depends on several factors, however, including the party your claim is against.

NFA offers an arbitration program to help customers and NFA Members resolve disputes. Information about NFA's arbitration program is available by calling NFA at 800-621-3570 or visiting the Dispute Resolution section of its Web site at www.nfa.futures.org.

The CFTC offers a reparation program for resolving disputes. If you want information about filing a CFTC reparations complaint, contact the CFTC's Office of Proceedings at 202-418-5250 or visit the CFTC's Web site at www.cftc.gov.

In addition, if you suspect any wrongdoing or improper business conduct in your forex account, you may contact or file a complaint with NFA by telephone at 800-621-3570 or online at www.nfa.futures.org/basicnet/Complaint.aspx.

You may also file a complaint with the CFTC. The CFTC has prepared a questionnaire form to assist the public in reporting suspicious activities or transactions. The questionnaire form is available on the CFTC's Web site at <http://www.cftc.gov/enf/enfform.htm>. You can transmit the form to the CFTC electronically or by mail to CFTC, 1155 21st Street, N.W., Washington, D.C. 20581.

Conclusion

This booklet cannot tell you whether you should participate in the retail off-exchange foreign currency market. You should make that decision after consulting with your financial advisor and considering your own financial situation and objectives. However, we hope that this booklet is helpful in raising some of the issues that you need to consider in order to make a fully informed decision about investing in the off-exchange foreign currency market.

Glossary of terms

American-style option An option contract that may be exercised at any time before it expires.

Ask The quoted price at which a customer can buy a currency pair. Also referred to as the 'offer,' 'ask price,' or 'ask rate.'

Base Currency For foreign exchange trading, currencies are quoted in terms of a currency pair. The first currency in the pair is the base currency. For example, in a USD/JPY currency pair, the US dollar is the base currency. Also may be referred to as the primary currency.

Bid The quoted price where a customer can sell a currency pair. Also known as the 'bid price' or 'bid rate.'

Bid/Ask Spread The point difference between the bid and ask (offer) price.

Call A call option gives the option buyer the right to purchase a particular currency pair at a stated exchange rate.

Counterparty The counterparty is the person who is on the other side of an OTC trade. For retail customers, the dealer will always be the counterparty.

Cross-rate The exchange rate between two currencies where neither of the currencies are the US dollar.

Currency pair The two currencies that make up a foreign exchange rate. For example, USD/YEN is a currency pair.

Dealer A firm in the business of acting as a counterparty to foreign currency transactions.

Euro The common currency adopted by eleven European nations (i.e., Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) on January 1, 1999.

European-style option An option contract that can be exercised only on or near its expiration date.

Expiration This is the last day on which an option may either be exercised or offset.

Forward transaction A true forward transaction is an agreement that expects actual delivery of and full payment for the currency to occur on a future date. This term may also be used to refer to transactions that the parties expect to offset at some time in the future, but these transactions are not true forward transactions and are governed by the federal Commodity Exchange Act.

Interbank market A loose network of currency transactions negotiated between financial institutions and other large companies.

Leverage The ability to control large dollar amount of a commodity with a comparatively small amount of capital. Also known as 'gearing.'

Margin See Security Deposit.

Offer See ask.

Open position Any transaction that has not been closed out by a corresponding opposite transaction.

Pip The smallest unit of trading in a foreign currency price.

Premium The price an option buyer pays for the option, not including commissions.

Put A put option gives the option buyer the right to sell a particular currency pair at a stated exchange rate.

Quote currency The second currency in a currency pair is referred to as the quote currency. For example, in a USD/JPY currency pair, the Japanese yen is the quote currency. Also referred to as the secondary currency or the counter currency.

Rollover The process of extending the settlement date on an open position by rolling it over to the next settlement date.

Retail customer Any party to a forex trade who is not an eligible contract participant as defined under the Commodity Exchange Act. This includes individuals with assets of less than \$10 million and most small businesses.

Security deposit The amount of money needed to open or maintain a position. Also known as 'margin.'

Settlement The actual delivery of currencies made on the maturity date of a trade.

Spot market A market of immediate delivery of and payment for the product, in this case, currency.

Spot transaction A true spot transaction is a transaction requiring prompt delivery of and full payment for the currency. In the interbank market, spot transactions are usually settled in two business days. This term may also be used to refer to transactions that the parties expect to offset or roll over within two business days, but these transactions are not true spot transactions and are governed by the federal Commodity Exchange Act.

Spread The point or pip difference between the ask and bid price of a currency pair.

Sterling Another term for British currency, the pound.

Strike price The exchange rate at which the buyer of a call has the right to purchase a specific currency pair or at which the buyer of a put has the right to sell a specific currency pair. Also known as the 'exercise price.'

NFA INFORMATION AND RESOURCES

National Futures Association

200 West Madison Street
Suite 1600
Chicago, IL 60606-3447

Information Center

800.621.3570

World Wide Web

www.nfa.futures.org

NFA's Web site offers information regarding the Association's history and organizational structure. The investing public can download publications to help them understand the commodity futures industry as well as their rights and responsibilities as market participants. All visitors to NFA's Web site can ask questions, make comments and order publications via e-mail.

In addition, NFA has prepared an Investor Alert highlighting some of the risks involved in retail off-exchange forex trading, which is available on NFA's Web site.

BASIC:

www.nfa.futures.org/basic/about.asp

Anyone with access to the Internet is able to perform online background checks on the firms and individuals involved in the futures industry by using NFA's Background Affiliation Status Information Center (BASIC). NFA, the CFTC and the US futures exchanges have supplied BASIC with information on CFTC registration, NFA membership, futures-related disciplinary history and non-disciplinary activities, such as CFTC reparations and NFA arbitration cases.

For further information, you should also consult the following resources:

Commodity Futures Trading Commission

Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581
202.418.5080
www.cftc.gov

In an effort to educate customers about the risks of forex trading, the CFTC issued a *Forex Consumer Advisory* in February 2001 cautioning the public to be skeptical of newspaper advertisements, radio and television promotions, and Internet Web sites that tout high return, low-risk investment opportunities in forex trading. The CFTC also issued an Advisory in March 2002 on how firms may lawfully offer forex futures and option trading opportunities to the retail public. For more information on the CFTC's forex initiatives, visit the CFTC's forex Web page at www.cftc.gov/enf/enfforex.htm.

Other regulatory bodies and authorities:

- Federal Reserve Board (www.federalreserve.gov)
- Federal Financial Institutions Examination Council (www.ffiec.gov)
- Federal Deposit Insurance Corporation (www.fdic.gov)
- US Securities and Exchange Commission (www.sec.gov)
- The Office of the Comptroller of the Currency (www.occ.treas.gov)
- Office of Thrift Supervision (www.ots.treas.gov)
- National Credit Union Association (www.ncua.gov)
- National Association of Securities Dealers Regulation, Inc. (www.nasdr.com)
- All US Government web sites can be located through links at www.firstgov.gov
- Your state's securities commissioner (www.nasaa.org)
- The Attorney General's consumer protection bureau (www.naag.org/)
- The Better Business Bureau (www.bbb.org).
- Your state Attorney General's office and state banking, insurance and securities regulators (which often have their own web sites).



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