NFA – Principals

<http://www.nfa.futures.org/nfa-faqs/registration_faqs/general-registration-questions/index.HTML#q4>

**4. Which individuals are considered principals?**

An individual's status as a principal is determined by the individual's

1) ability to control a registrant's business activities;

2) formal title or position with the registrant; and

3) financial or ownership interest in the registrant.

[4]- Control - Individuals who, through their conduct or activity, directly or indirectly control a registrant are principals of the registrant, irrespective of their formal title or financial interest in the registrant. Similarly, individuals who hold specific positions or titles with registrants are also principals of the registrant, irrespective of their ability to control the registrant's business. More information can be found at [Principal](http://www.nfa.futures.org/NFA-registration/principal/index.HTML) under the registration menu.

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[Which individuals are considered principals?](http://www.nfa.futures.org/nfa-faqs/registration_faqs/general-registration-questions/which-individuals-are-considered-principal.HTML)

**5. Which companies are considered principals?**

A company is a principal either because it is a general partner of a partnership or based on its ownership or financial stake in a registrant. Unlike individuals, a company's status as a principal based on ownership or capital contribution is determined solely by its direct relationship with the registrant. Holding companies that directly own 10% or more of a class of a registrant's stock or directly contribute 10% of a registrant's capital are principals of the registrant. In contrast, a holding company that indirectly owns a registrant's stock or contributes capital is not a principal. More information can be found at [Principal](http://www.nfa.futures.org/NFA-registration/principal/index.HTML) under the registration menu.

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**6. Which individual principals should also be registered as APs?**

[Section 4k of the Commodity Exchange Act](http://www.cftc.gov/lawandregulation/) provides that an individual must be registered as an AP if that person is involved in soliciting or accepting customer orders or supervising people who do, and the Commission has indicated that any individual who supervises APs must register as an AP, regardless of that person's title.

[NFA Bylaw 301(a)(iii)](http://www.nfa.futures.org/nfamanual/NFAManual.aspx?RuleID=BYLAW%20301&Section=3) states that "no person, unless eligible for membership in the contract market category, shall be eligible to become or remain a Member unless at least one of its principals is registered as an 'associated person' under the Act and Commission Rules. If any Member fails to have at least one principal that is registered as an 'associated person' NFA shall deem that Member's failure to be a request to withdraw from NFA membership and shall notify that Member accordingly."