

EFFECTIVE DATE OF 2015 AMENDMENT

Amendment by Pub. L. 114-94 effective as if enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, see section 86001(d) of Pub. L. 114-94, set out as a note under section 7a-1 of this title.

EFFECTIVE DATE

Section effective on the later of 360 days after July 21, 2010, or, to the extent a provision of subtitle A (§§ 711-754) of title VII of Pub. L. 111-203 requires a rule-making, not less than 60 days after publication of the final rule or regulation implementing such provision of subtitle A, see section 754 of Pub. L. 111-203, set out as an Effective Date of 2010 Amendment note under section 1a of this title.

§ 25. Private rights of action**(a) Actual damages; actionable transactions; exclusive remedy**

(1) Any person (other than a registered entity or registered futures association) who violates this chapter or who willfully aids, abets, counsels, induces, or procures the commission of a violation of this chapter shall be liable for actual damages resulting from one or more of the transactions referred to in subparagraphs (A) through (D) of this paragraph and caused by such violation to any other person—

(A) who received trading advice from such person for a fee;

(B) who made through such person any contract of sale of any commodity for future delivery (or option on such contract or any commodity) or any swap; or who deposited with or paid to such person money, securities, or property (or incurred debt in lieu thereof) in connection with any order to make such contract or any swap;

(C) who purchased from or sold to such person or placed through such person an order for the purchase or sale of—

(i) an option subject to section 6c of this title (other than an option purchased or sold on a registered entity or other board of trade);

(ii) a contract subject to section 23 of this title; or¹

(iii) an interest or participation in a commodity pool; or

(iv) a swap; or

(D) who purchased or sold a contract referred to in subparagraph (B) hereof or swap if the violation constitutes—

(i) the use or employment of, or an attempt to use or employ, in connection with a swap, or a contract of sale of a commodity, in interstate commerce, or for future delivery on or subject to the rules of any registered entity, any manipulative device or contrivance in contravention of such rules and regulations as the Commission shall promulgate by not later than 1 year after July 21, 2010; or

(ii) a manipulation of the price of any such contract or swap or the price of the commodity underlying such contract or swap.

(2) Except as provided in subsection (b), the rights of action authorized by this subsection

and by sections 7(d)(13), 7a-1(c)(2)(H), and 21(b)(10) of this title shall be the exclusive remedies under this chapter available to any person who sustains loss as a result of any alleged violation of this chapter. Nothing in this subsection shall limit or abridge the rights of the parties to agree in advance of a dispute upon any forum for resolving claims under this section, including arbitration.

(3) In any action arising from a violation in the execution of an order on the floor of a registered entity, the person referred to in paragraph (1) shall be liable for—

(A) actual damages proximately caused by such violation. If an award of actual damages is made against a floor broker in connection with the execution of a customer order, and the futures commission merchant which selected the floor broker for the execution of the customer order is held to be responsible under section 2(a)(1) of this title for the floor broker's violation, such futures commission merchant may be required to satisfy such award; and

(B) where the violation is willful and intentional, punitive or exemplary damages equal to no more than two times the amount of such actual damages. If an award of punitive or exemplary damages is made against a floor broker in connection with the execution of a customer order, and the futures commission merchant which selected the floor broker for the execution of the customer order is held to be responsible under section 2(a)(1) of this title for the floor broker's violation, such futures commission merchant may be required to satisfy such award if the floor broker fails to do so, except that such requirement shall apply to the futures commission merchant only if it willfully and intentionally selected the floor broker with the intent to assist or facilitate the floor broker's violation.

(4) CONTRACT ENFORCEMENT BETWEEN ELIGIBLE COUNTERPARTIES.—

(A) IN GENERAL.—No hybrid instrument sold to any investor shall be void, voidable, or unenforceable, and no party to a hybrid instrument shall be entitled to rescind, or recover any payment made with respect to, the hybrid instrument under this section or any other provision of Federal or State law, based solely on the failure of the hybrid instrument to comply with the terms or conditions of section 2(f) of this title or regulations of the Commission.

(B) SWAPS.—No agreement, contract, or transaction between eligible contract participants or persons reasonably believed to be eligible contract participants shall be void, voidable, or unenforceable, and no party to such agreement, contract, or transaction shall be entitled to rescind, or recover any payment made with respect to, the agreement, contract, or transaction under this section or any other provision of Federal or State law, based solely on the failure of the agreement, contract, or transaction—

(i) to meet the definition of a swap under section 1a of this title; or

(ii) to be cleared in accordance with section 2(h)(1) of this title.

¹ So in original. The word "or" probably should not appear.

(5) LEGAL CERTAINTY FOR LONG-TERM SWAPS ENTERED INTO BEFORE JULY 21, 2010.—

(A) EFFECT ON SWAPS.—Unless specifically reserved in the applicable swap, neither the enactment of the Wall Street Transparency and Accountability Act of 2010, nor any requirement under that Act or an amendment made by that Act, shall constitute a termination event, force majeure, illegality, increased costs, regulatory change, or similar event under a swap (including any related credit support arrangement) that would permit a party to terminate, renegotiate, modify, amend, or supplement 1 or more transactions under the swap.

(B) POSITION LIMITS.—Any position limit established under the Wall Street Transparency and Accountability Act of 2010 shall not apply to a position acquired in good faith prior to the effective date of any rule, regulation, or order under the Act that establishes the position limit; provided, however, that such positions shall be attributed to the trader if the trader's position is increased after the effective date of such position limit rule, regulation, or order.

(6) CONTRACT ENFORCEMENT FOR FOREIGN FUTURES CONTRACTS.—A contract of sale of a commodity for future delivery traded or executed on or through the facilities of a board of trade, exchange, or market located outside the United States for purposes of section 6(a) of this title shall not be void, voidable, or unenforceable, and a party to such a contract shall not be entitled to rescind or recover any payment made with respect to the contract, based on the failure of the foreign board of trade to comply with any provision of this chapter.

(b) Liabilities of organizations and individuals; bad faith requirement; exclusive remedy

(1)(A) A registered entity that fails to enforce any bylaw, rule, regulation, or resolution that it is required to enforce by section 7, 7a-1, 7a-2, 7b-3, or 24a of this title, (B) a licensed board of trade that fails to enforce any bylaw, rule, regulation, or resolution that it is required to enforce by the Commission, or (C) any registered entity that in enforcing any such bylaw, rule, regulation, or resolution violates this chapter or any Commission rule, regulation, or order, shall be liable for actual damages sustained by a person who engaged in any transaction on or subject to the rules of such registered entity to the extent of such person's actual losses that resulted from such transaction and were caused by such failure to enforce or enforcement of such bylaws, rules, regulations, or resolutions.

(2) A registered futures association that fails to enforce any bylaw or rule that is required under section 21 of this title or in enforcing any such bylaw or rule violates this chapter or any Commission rule, regulation, or order shall be liable for actual damages sustained by a person that engaged in any transaction specified in subsection (a) of this section to the extent of such person's actual losses that resulted from such transaction and were caused by such failure to enforce or enforcement of such bylaw or rule.

(3) Any individual who, in the capacity as an officer, director, governor, committee member,

or employee of registered² entity or a registered futures association willfully aids, abets, counsels, induces, or procures any failure by any such entity to enforce (or any violation of the chapter in enforcing) any bylaw, rule, regulation, or resolution referred to in paragraph (1) or (2) of this subsection, shall be liable for actual damages sustained by a person who engaged in any transaction specified in subsection (a) of this section on, or subject to the rules of, such registered entity or, in the case of an officer, director, governor, committee member, or employee of a registered futures association, any transaction specified in subsection (a) of this section, in either case to the extent of such person's actual losses that resulted from such transaction and were caused by such failure or violation.

(4) A person seeking to enforce liability under this section must establish that the registered entity³ registered futures association, officer, director, governor, committee member, or employee acted in bad faith in failing to take action or in taking such action as was taken, and that such failure or action caused the loss.

(5) The rights of action authorized by this subsection shall be the exclusive remedy under this chapter available to any person who sustains a loss as a result of (A) the alleged failure by a registered entity or registered futures association or by any officer, director, governor, committee member, or employee to enforce any bylaw, rule, regulation, or resolution referred to in paragraph (1) or (2) of this subsection, or (B) the taking of action in enforcing any bylaw, rule, regulation, or resolution referred to in this subsection that is alleged to have violated this chapter, or any Commission rule, regulation, or order.

(c) Jurisdiction; statute of limitations; venue; process

The United States district courts shall have exclusive jurisdiction of actions brought under this section. Any such action shall be brought not later than two years after the date the cause of action arises. Any action brought under subsection (a) of this section may be brought in any judicial district wherein the defendant is found, resides, or transacts business, or in the judicial district wherein any act or transaction constituting the violation occurs. Process in such action may be served in any judicial district of which the defendant is an inhabitant or wherever the defendant may be found.

(d) Dates of application to actions

The provisions of this section shall become effective with respect to causes of action accruing on or after the date of enactment of the Futures Trading Act of 1982 [January 11, 1983]: *Provided*, That the enactment of the Futures Trading Act of 1982 shall not affect any right of any parties which may exist with respect to causes of action accruing prior to such date.

(Sept. 21, 1922, ch. 369, §22, as added Pub. L. 97-444, title II, §235, Jan. 11, 1983, 96 Stat. 2322; amended Pub. L. 102-546, title II, §§211, 222(d),

² So in original. Probably should be preceded by "a".

³ So in original. Probably should be followed by a comma.

title IV, § 402(14), Oct. 28, 1992, 106 Stat. 3607, 3616, 3625; Pub. L. 106-554, §1(a)(5) [title I, §§ 120, 123(a)(25)], Dec. 21, 2000, 114 Stat. 2763, 2763A-404, 2763A-410; Pub. L. 110-234, title XIII, §§ 13105(i), 13203(n), May 22, 2008, 122 Stat. 1435, 1441; Pub. L. 110-246, §4(a), title XIII, §§ 13105(i), 13203(n), June 18, 2008, 122 Stat. 1664, 2197, 2203; Pub. L. 111-203, title VII, §§ 738(c), 739, 749(h), 753(c), July 21, 2010, 124 Stat. 1728, 1729, 1748, 1754.)

REFERENCES IN TEXT

The Wall Street Transparency and Accountability Act of 2010, referred to in subsec. (a)(5), is title VII of Pub. L. 111-203, July 21, 2010, 124 Stat. 1641, which enacted chapter 109 (§8301 et seq.) of Title 15, Commerce and Trade, and enacted and amended numerous other sections and notes in the Code. For complete classification of this Act to the Code, see Short Title note set out under section 8301 of Title 15 and Tables.

The Futures Trading Act of 1982, referred to in subsec. (d), is Pub. L. 97-444, Jan. 11, 1983, 96 Stat. 2294, which is classified generally to this chapter. For complete classification of this Act to the Code, see Short Title of 1983 Amendment note set out under section 1 of this title and Tables.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2010—Subsec. (a)(1)(B). Pub. L. 111-203, §749(h)(1)(B), which directed insertion of “or any swap” after “such contract”, was executed by making the insertion after “such contract” the second time appearing, to reflect the probable intent of Congress.

Pub. L. 111-203, §749(h)(1)(A), inserted “or any swap” after “commodity”.

Subsec. (a)(1)(C)(iv). Pub. L. 111-203, §749(h)(2), added cl. (iv).

Subsec. (a)(1)(D). Pub. L. 111-203, §753(c), added subpar. (D) and struck out former subpar. (D) which read as follows: “who purchased or sold a contract referred to in subparagraph (B) hereof if the violation constitutes a manipulation of the price of any such contract or the price of the commodity underlying such contract.”

Subsec. (a)(4), (5). Pub. L. 111-203, §739, added pars. (4) and (5) and struck out former par. (4). Prior to amendment, text of par. (4) read as follows: “No agreement, contract, or transaction between eligible contract participants or persons reasonably believed to be eligible contract participants, and no hybrid instrument sold to any investor, shall be void, voidable, or unenforceable, and no such party shall be entitled to rescind, or recover any payment made with respect to, such an agreement, contract, transaction, or instrument under this section or any other provision of Federal or State law, based solely on the failure of the agreement, contract, transaction, or instrument to comply with the terms or conditions of an exemption or exclusion from any provision of this chapter or regulations of the Commission.”

Subsec. (a)(6). Pub. L. 111-203, §738(c), added par. (6).

Subsec. (b)(1)(A). Pub. L. 111-203, §749(h)(3), substituted “section 7, 7a-1, 7a-2, 7b-3, or 24a of this title” for “section 2(h)(7) of this title or sections 7 through 7a-2 of this title”.

2008—Subsec. (a)(2). Pub. L. 110-246, §13105(i), substituted “7a-1(c)(2)(H)” for “7a-1(b)(1)(E)”.

Subsec. (b)(1)(A). Pub. L. 110-246, §13203(n), inserted “section 2(h)(7) of this title or” before “sections 7 through 7a-2”.

2000—Subsec. (a)(1). Pub. L. 106-554, §1(a)(5) [title I, §123(a)(25)(A)(i)(I)], substituted “registered entity” for “contract market, clearing organization of a contract

market, licensed board of trade,” in introductory provisions.

Subsec. (a)(1)(C)(i). Pub. L. 106-554, §1(a)(5) [title I, §123(a)(25)(A)(i)(II)], substituted “registered entity” for “contract market”.

Subsec. (a)(2). Pub. L. 106-554, §1(a)(5) [title I, §123(a)(25)(A)(ii)], substituted “sections 7(d)(13), 7a-1(b)(1)(E),” for “sections 7a(11),”.

Subsec. (a)(3). Pub. L. 106-554, §1(a)(5) [title I, §123(a)(25)(A)(iii)], substituted “registered entity” for “contract market” in introductory provisions.

Subsec. (a)(4). Pub. L. 106-554, §1(a)(5) [title I, §120], added par. (4).

Subsec. (b)(1). Pub. L. 106-554, §1(a)(5) [title I, §123(a)(25)(B)(i)], substituted “registered entity that fails” for “contract market or clearing organization of a contract market that fails”, “sections 7 through 7a-2 of this title” for “section 7a(8) and section 7a(9) of this title”, “registered entity that in” for “contract market, clearing organization of a contract market, or licensed board of trade that in”, and “registered entity to the” for “contract market or licensed board of trade to the”.

Subsec. (b)(3). Pub. L. 106-554, §1(a)(5) [title I, §123(a)(25)(B)(ii)], substituted “employee of registered entity” for “employee of a contract market, clearing organization, licensed board of trade,” and “such registered entity” for “such contract market, licensed board of trade”.

Subsec. (b)(4). Pub. L. 106-554, §1(a)(5) [title I, §123(a)(25)(B)(iii)], substituted “registered entity” for “contract market, licensed board of trade, clearing organization,”.

Subsec. (b)(5). Pub. L. 106-554, §1(a)(5) [title I, §123(a)(25)(B)(iv)], substituted “registered entity” for “contract market, licensed board of trade, clearing organization,”.

1992—Subsec. (a)(1). Pub. L. 102-546, §402(14)(A), substituted “subparagraphs” for “clauses” in introductory provisions and “subparagraph” for “clause” in subpar. (D).

Subsec. (a)(2). Pub. L. 102-546, §402(14)(B), made technical amendment to reference to section 21(b)(10) of this title to correct reference to corresponding section of original act.

Subsec. (a)(3). Pub. L. 102-546, §222(d), added par. (3).

Subsec. (c). Pub. L. 102-546, §211, amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: “The United States district courts shall have exclusive jurisdiction of actions brought under this section. Any such action must be brought within two years after the date the cause of action accrued.”

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by sections 738(c), 739, and 749(h) of Pub. L. 111-203 effective on the later of 360 days after July 21, 2010, or, to the extent a provision of subtitle A (§§ 711-754) of title VII of Pub. L. 111-203 requires a rulemaking, not less than 60 days after publication of the final rule or regulation implementing such provision of subtitle A, see section 754 of Pub. L. 111-203, set out as a note under section 1a of this title.

Amendment by section 753(c) of Pub. L. 111-203 effective on the date on which the final rule promulgated by the Commodity Futures Trading Commission pursuant to Pub. L. 111-203 takes effect [see 76 F.R. 41398, effective Aug. 15, 2011], see section 753(d) of Pub. L. 111-203, set out as a note under section 9 of this title.

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

Amendment by section 13203(n) of Pub. L. 110-246 effective June 18, 2008, see section 13204(a) of Pub. L. 110-246, set out as a note under section 2 of this title.

EFFECTIVE DATE

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

§ 26. Commodity whistleblower incentives and protection

(a) Definitions

In this section:

(1) Covered judicial or administrative action

The term “covered judicial or administrative action” means any judicial or administrative action brought by the Commission under this chapter that results in monetary sanctions exceeding \$1,000,000.

(2) Fund

The term “Fund” means the Commodity Futures Trading Commission Customer Protection Fund established under subsection (g).

(3) Monetary sanctions

The term “monetary sanctions”, when used with respect to any judicial or administrative action means—

(A) any monies, including penalties, disgorgement, restitution, and interest ordered to be paid; and

(B) any monies deposited into a disgorgement fund or other fund pursuant to section 7246(b) of title 15, as a result of such action or any settlement of such action.

(4) Original information

The term “original information” means information that—

(A) is derived from the independent knowledge or analysis of a whistleblower;

(B) is not known to the Commission from any other source, unless the whistleblower is the original source of the information; and

(C) is not exclusively derived from an allegation made in a judicial or administrative hearing, in a governmental report, hearing, audit, or investigation, or from the news media, unless the whistleblower is a source of the information.

(5) Related action

The term “related action”, when used with respect to any judicial or administrative action brought by the Commission under this chapter, means any judicial or administrative action brought by an entity described in subclauses (I) through (VI) of subsection (h)(2)(C) that is based upon the original information provided by a whistleblower pursuant to subsection (a) that led to the successful enforcement of the Commission action.

(6) Successful resolution

The term “successful resolution”, when used with respect to any judicial or administrative action brought by the Commission under this chapter, includes any settlement of such action.

(7) Whistleblower

The term “whistleblower” means any individual, or 2 or more individuals acting jointly, who provides information relating to a violation of this chapter to the Commission, in a

manner established by rule or regulation by the Commission.

(b) Awards

(1) In general

In any covered judicial or administrative action, or related action, the Commission, under regulations prescribed by the Commission and subject to subsection (c), shall pay an award or awards to 1 or more whistleblowers who voluntarily provided original information to the Commission that led to the successful enforcement of the covered judicial or administrative action, or related action, in an aggregate amount equal to—

(A) not less than 10 percent, in total, of what has been collected of the monetary sanctions imposed in the action or related actions; and

(B) not more than 30 percent, in total, of what has been collected of the monetary sanctions imposed in the action or related actions.

(2) Payment of awards

Any amount paid under paragraph (1) shall be paid from the Fund.

(c) Determination of amount of award; denial of award

(1) Determination of amount of award

(A) Discretion

The determination of the amount of an award made under subsection (b) shall be in the discretion of the Commission.

(B) Criteria

In determining the amount of an award made under subsection (b), the Commission—

(i) shall take into consideration—

(I) the significance of the information provided by the whistleblower to the success of the covered judicial or administrative action;

(II) the degree of assistance provided by the whistleblower and any legal representative of the whistleblower in a covered judicial or administrative action;

(III) the programmatic interest of the Commission in deterring violations of the¹ chapter (including regulations under the¹ chapter) by making awards to whistleblowers who provide information that leads to the successful enforcement of such laws; and

(IV) such additional relevant factors as the Commission may establish by rule or regulation; and

(ii) shall not take into consideration the balance of the Fund.

(2) Denial of award

No award under subsection (b) shall be made—

(A) to any whistleblower who is, or was at the time the whistleblower acquired the original information submitted to the Commission, a member, officer, or employee of—

¹ So in original. Probably should be “this”.