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NATIONAL LAW REVIEW

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## NFA Issues Notice on Calculating Financial Ratios on NFA Forms PQR and PR

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Friday, October 5, 2018

National Futures Association (NFA) has issued a notice to commodity pool operator (CPO) and commodity trading advisor (CTA) members clarifying the method by which CPOs and CTAs should calculate the Current Asset/Current Liability (CA/CL) ratios and the Total Revenue/Total Expenses (TR/TE) ratios for purposes of NFA Forms PQR and PR.

As set forth in the notice, both ratios must be calculated using the accrual method rather than using the cash basis of accounting. In addition, the CA balance should be calculated using only assets owned by the CPO or CTA (rather than including client assets invested in pools or managed accounts) and only include current assets. Non-current assets should not be included in this calculation.

The notice also clarifies that the TR/TE ratio should be calculated using revenue earned and expenses incurred during the prior 12 months.

NFA Notice I-18-20 is available [here](#).

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