

November 29, 2019

**Via Federal Express and Email (Ckirkpatrick@cftc.gov)**

Mr. Christopher J. Kirkpatrick  
Secretary  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

Re: National Futures Association: Reduction in Forex Dealer Member Assessment on Each Order Segment Fee Submitted to NFA's Forex Transaction Reporting Execution Surveillance System – NFA Bylaw 1301(e) and NFA Interpretive Notice *Forex Transactions*

Dear Mr. Kirkpatrick:

Pursuant to Section 17(j) of the Commodity Exchange Act ("CEA" or "Act"), as amended, National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("CFTC" or "Commission") the proposed amendments to NFA Bylaw 1301(e) and to the NFA Interpretive Notice entitled *Forex Transactions* regarding a reduction in the assessments for each order segment fee a Forex Dealer Member ("FDM") submits to NFA's Forex Transaction Reporting Execution Surveillance System ("FORTRESS"). NFA's Board of Directors approved the proposal on November 21, 2019.

NFA is invoking the "ten-day" provision of Section 17(j) of the CEA and plans to make the proposal effective ten days after receipt of this submission by the Commission unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

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**PROPOSED AMENDMENTS**  
**(additions are underscored and deletions are ~~stricken through~~)**

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**BYLAWS OF NATIONAL FUTURES ASSOCIATION**

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**BYLAW 1301. SCHEDULE OF DUES AND ASSESSMENTS.**

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**(e) Forex Dealer Members.**

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(ii) Each Forex Dealer Member shall pay an assessment of ~~\$.004~~ \$.003 on each order segment submitted by the Forex Dealer Member to NFA's Forex Transaction Reporting Execution Surveillance System. For purposes of this requirement, an order segment is a record of any line of data associated with an order, and includes when an order is added, modified, cancelled or filled.

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**INTERPRETIVE NOTICES**

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**9053 - FOREX TRANSACTIONS**

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**C. OTHER REQUIREMENTS**

This section of the notice provides guidance on dues, capital requirements, and security deposits. These requirements apply only to Forex Dealer Members.

**1. Bylaw 1301**

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Each Forex Dealer Member is also required to pay an assessment of ~~\$.004~~ \$.003 on each order segment submitted by the Forex Dealer Member to NFA's Forex Transaction Reporting Execution Surveillance System. For purposes of this requirement, an order segment is a record of any line of data associated with an order, and includes when an order is added, modified, cancelled or filled.

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**EXPLANATION OF PROPOSED AMENDMENTS**

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NFA's forex regulatory program currently obtains the revenue needed to operate the program from three sources: (i) annual membership dues for FDMs for which NFA serves as the DSRO; (ii) annual membership dues for non-FDM Forex Members; and (iii) an assessment of \$.004 on each order segment submitted to NFA's

FORTRESS by FDM Members. NFA utilizes FORTRESS to perform surveillance of FDMs' trading activity.

NFA strives to ensure that each of its Member regulatory programs is financially self-sufficient and maintains between 10 and 14 months of reserves to cover projected operating expenses. The forex regulatory program, however, currently maintains reserves beyond the 14 month range. Therefore, NFA's Board of Directors approved staff's recommendation to reduce the FORTRESS segment fee to bring NFA's forex regulatory program's reserve balance to within the 10-14 month range.

As stated earlier, on November 21, 2019, NFA's Board unanimously approved the proposed amendments to NFA Bylaw 1301(e) and the Interpretive Notice entitled *Forex Transactions* to reduce the FORTRESS segment fee from \$.004 to \$.003.

Furthermore, as mentioned earlier, NFA is invoking the "ten-day" provision of Section 17(j) of the CEA. NFA intends to make the proposed amendment to NFA Bylaw 1301(e) and the Interpretive Notice entitled *Forex Transactions* regarding a reduction in the FORTRESS segment fee from \$.004 to \$.003 effective ten days after receipt of this submission by the Commission, unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

Respectfully submitted,

A handwritten signature in black ink that reads "Carol A. Wooding". The signature is written in a cursive, flowing style.

Carol A. Wooding  
Senior Vice President  
and General Counsel