

December 3, 2009

Via Federal Express

Mr. David A. Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: National Futures Association: Forex Dealer Member Internal Financial Controls - Proposed Amendments to NFA's Financial Requirements Section 15*

Dear Mr. Stawick:

Pursuant to Section 17(j) of the Commodity Exchange Act, as amended, National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("CFTC" or "Commission") proposed amendments to Financial Requirements Section 15 regarding Forex Dealer Member internal financial controls. NFA's Board of Directors ("Board") approved this proposal on November 19, 2009.

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

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

FINANCIAL REQUIREMENTS

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SECTION 15. FOREX DEALER MEMBER INTERNAL FINANCIAL CONTROLS

(a) No Member may act as a Forex Dealer Member (as defined in Bylaw 306) unless it has demonstrated to NFA that the Member has adequate internal financial controls. ~~provided NFA with an internal control report prepared and~~

~~certified by an independent public accountant who is registered under Section 102 of the Sarbanes-Oxley Act. The internal control report shall contain, at a minimum, a detailed explanation of the examination performed by the accountant and a representation by the accountant that it has examined and tested t~~The Forex Dealer Member's must demonstrate that its system of internal controls ~~to~~ provides reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. ~~The internal control report must also represent that the accountant has found that the Forex Dealer Member's~~ must also demonstrate that its system of internal financial controls has no material weaknesses and that it is adequate for establishing and maintaining internal controls over financial reporting by the Member. A Forex Dealer Member may satisfy this obligation by obtaining an internal control report that is prepared and certified by an independent public accountant who is registered under Section 102 of the Sarbanes-Oxley Act. The internal control report shall contain, at a minimum, a detailed explanation of the examination performed by the accountant and a representation by the accountant that it has examined and tested the Forex Dealer Member's system of internal controls and that the controls comply with the above standards.

~~After a Forex Dealer Member has commenced business, if NFA believes that a Member's internal controls are inadequate at any time, NFA's Compliance Director may require it to provide to NFA an internal control report that is prepared and certified by an independent public accountant who is registered under Section 102 of the Sarbanes-Oxley Act. The internal control report shall meet the above standards~~ complies with the requirements above if NFA believes that the Forex Dealer Member's controls are inadequate.

EXPLANATION OF PROPOSED AMENDMENTS

Financial Requirements Section 15 currently requires firms to provide NFA with an internal control report prior to acting as an FDM. This report must be prepared by an independent public accountant registered with the Public Company Accounting Oversight Board and must include representations by the accountant that the FDM's internal financial controls have no material weaknesses.

NFA adopted this rule after taking a number of Member Responsibility Actions against FDMs with inadequate internal financial controls. The FDM capital

Mr. David A. Stawick

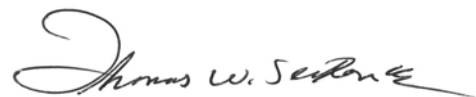
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requirement was \$1 million at the time. NFA subsequently raised the requirement to \$5 million, and eventually to \$20 million, and these capital increases appear to have significantly reduced those firms that were unable or unwilling to expend resources on financial controls.

Additionally, reputable public accounting firms have informed NFA that AICPA auditing standards require accountants to test live transactions before making representations about the adequacy of internal controls, and they cannot do this testing for firms that have not yet begun business. Therefore, the amendments to Section 15 eliminate the specific requirement for an internal control report prior to acting as an FDM and replace it with a more general requirement that the Member must demonstrate that it has adequate internal financial controls. This requirement will continue to put the burden on the Member but will provide more flexibility. Section 15 will continue to authorize NFA to require any FDM to provide an internal control report if NFA believes that the Member's controls are inadequate.

As mentioned earlier, NFA is invoking the "ten-day" provision of Section 17(j) of the Commodity Exchange Act. NFA intends to make the amendments to NFA Financial Requirements Section 15 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,



Thomas W. Sexton
Senior Vice President and
General Counsel

* The proposed amendments to NFA Financial Requirements Section 15 became effective December 17, 2009.