

August 30, 2010

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: Cleared OTC Derivatives – Proposed
Amendments to NFA Financial Requirements Section 4*

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 NFA Financial Requirements Section 4 regarding cleared OTC derivatives. This proposal was approved by NFA’s Board of Directors (“Board”) on August 19, 2010.

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)**

FINANCIAL REQUIREMENTS

* * *

**SECTION 4. FINANCIAL REQUIREMENTS AND TREATMENT OF CUSTOMER
PROPERTY**

(a) Any Member FCM or IB who violates any of CFTC Regulations 1.10, 1.12, 1.16, 1.17 or 1.20 through 1.30 (as applicable) shall be deemed to have violated an NFA Requirement.

(b) Any Member FCM that receives money, securities and/or other property from, for or on behalf of a customer to margin, guarantee or secure the customer’s positions in cleared

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OTC derivatives (as defined in CFTC Regulation 190.01(o)) must comply with CFTC requirements and the requirements established by the applicable contract market and/or derivatives clearing organization for such activity.

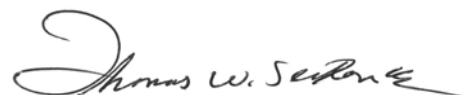
EXPLANATION OF PROPOSED AMENDMENTS

The CFTC's Part 190-Bankruptcy Rules were recently amended to address the treatment of OTC derivatives in the event of an FCM's bankruptcy. Among other things, these changes created a new account class for OTC derivatives. NFA expects that derivative clearing organizations will adopt their own regulatory requirements for this new account class. In fact, NFA understands that the CME Group is in the process of adopting rules for the cleared OTC derivatives account class, which are very similar to the CFTC's current segregation rules for exchange traded futures.

With respect to the CME Group, NFA further understands that the majority of FCMs with customers trading cleared OTC derivatives are expected to be CME Group clearing members subject to the CME Group's rules. There may, however, be a few non-clearing FCMs that engage in these transactions. NFA's Board of Directors, therefore, amended NFA Financial Requirements Section 4 to require NFA Member FCMs that engage in these transactions to comply with CFTC requirements and the requirements established by the applicable contract market or derivatives clearing organization (e.g., the CME Group's rules) for such activity. NFA will also assume the audit responsibility for these requirements with respect to these few non-clearing FCMs.

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 4 regarding cleared OTC derivatives 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 4 become effective October 4, 2010.