

February 21, 1996

Ms. Jean A. Webb
Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: National Futures Association: Proposed Amendments to NFA Code of Arbitration, Sections 5 and 6; NFA Member Arbitration Rules, Sections 4 and 5; NFA Registration Rules 204(d), 206(d), 207(a), 301(b) and 302(b); and Proposed Adoption of an Interpretive Notice Regarding Ethics Training Providers

Dear Ms. Webb:

Pursuant to Section 17(j) of the Commodity Exchange Act, as amended, National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("Commission") proposed amendments to NFA Code of Arbitration, Sections 5 and 6; NFA Member Arbitration Rules, Sections 4 and 5; NFA Registration Rules 204(d), 206(d), 207(a), 301(b) and 302(b); and proposed adoption of an Interpretive Notice Regarding Ethics Training Providers. The proposals contained herein were approved by NFA's Board of Directors on February 15, 1996. NFA respectfully requests Commission review and approval of the proposals.

PROPOSED AMENDMENTS

- A. **Proposed Amendments to NFA Code of Arbitration, Sections 5 and 6, and NFA Member Arbitration Rules, Sections 4 and 5 (additions are underscored and deletions are bracketed):**

CODE OF ARBITRATION

* * *

Section 5. Time Period for Arbitration.

No Demand for Arbitration may be arbitrated under this Code unless a Demand or notice of intent to arbitrate (see Sections 6(a) and (c) below) is received by the Secretary within two years from the date when the party filing the



Ms. Jean A. Webb

February 21, 1996

Demand for Arbitration knew or should have known of the act or transaction that is the subject of the controversy. Except as is provided in Sections 6(f) and (h) below, no counterclaim, cross-claim, or third-party claim may be arbitrated under this Code unless it is asserted in a timely filed Answer in accordance with Section 6(e) below. The Secretary shall reject any claim that is not timely filed. If, in the course of any arbitration, the Panel determines that the requirements of this section have not been met as to a particular claim, the Panel shall thereupon terminate the arbitration of the claim without decision or award.

Section 6. Initiation of Arbitration.

* * *

(a) Notice of Intent to Arbitrate.

If the two-year time limit under Section 5 of this Code is close to expiring, a person wanting to file a Demand for Arbitration [shall] may notify the Secretary, either in writing or orally, of such person's intent to arbitrate. The Secretary shall maintain a record of the receipt of each such notice and shall promptly provide such person with a copy of this Code and a Demand for Arbitration form.

* * *

MEMBER ARBITRATION RULES

* * *

Section 4. Time Period for Arbitration.

No Demand for Arbitration may be arbitrated under these Rules unless a Demand or notice of intent to arbitrate (see Sections 5(a) and (c) below) is received by the Secretary within two years from the date when the party filing the Demand for Arbitration knew or should have known of the act or transaction that is the subject of the controversy. No counterclaim, cross-claim, or third-party claim may be arbitrated under these Rules unless it is received by the Secretary within two years from the date when the party asserting the counterclaim, cross-claim or third-party claim knew or should have known of the act or transaction that is the subject of the counterclaim, cross-claim or third-party

Ms. Jean A. Webb

February 21, 1996

claim or it is served on the Secretary within 45 days from the date of service of the Demand for Arbitration on the Respondent by the Secretary, whichever is later. The Secretary shall reject any claim that is not timely filed. If, in the course of any arbitration, the Panel determines that the requirements of this section have not been met as to a particular claim, the Panel shall thereupon terminate the arbitration of the claim without decision or award.

Section 5. Initiation of Arbitration.

* * *

(a) Notice of Intent to Arbitrate.

If the two-year time limit under Section 4 of these Rules is close to expiring, a person wanting to file a Demand for Arbitration [shall] may notify the Secretary, either in writing or orally, of such person's intent to arbitrate. The Secretary shall maintain a record of the receipt of each such notice and shall promptly provide such person with a copy of these Rules and a Demand for Arbitration form.

- B. Proposed Amendments to NFA Registration Rules 204(d), 206(d), 207(a), 301(b) and 302(b) (additions are underscored and deletions are bracketed):

REGISTRATION RULES

* * *

PART 200. REGISTRATION REQUIREMENTS AND PROCEDURES

* * *

RULE 204. REGISTRATION OF FUTURES COMMISSION MERCHANTS, INTRODUCING BROKERS, COMMODITY POOL OPERATORS, COMMODITY TRADING ADVISORS AND LEVERAGE TRANSACTION MERCHANTS.

* * *



Ms. Jean A. Webb

February 21, 1996

- (d) **Annual Filings and Registration Fees.** On an annual basis, NFA shall provide each FCM, IB, CPO, CTA, and LTM registered in accordance with this Rule with a printout of its Form 7-R currently on file with NFA. The registrant shall review the information contained in such preprinted Form 7-R, make any necessary corrections or changes to such information and submit the preprinted Form 7-R to NFA on the date specified thereon accompanied by the required annual update fee pursuant to Rule 203(a)(9)[(8)]. NFA shall deem the failure to file the Form 7-R and pay the required annual update fees and any other outstanding registration fees within 30 days following such date a request to withdraw from registration, and shall notify the registrant accordingly.

* * *

RULE 206. REGISTRATION OF ASSOCIATED PERSONS OF FUTURES COMMISSION MERCHANTS, INTRODUCING BROKERS, COMMODITY POOL OPERATORS, COMMODITY TRADING ADVISORS AND LEVERAGE TRANSACTION MERCHANTS.

* * *

- (d) **Duration of Registration.** A person registered in accordance with paragraphs (a) or (b) of this Rule, Rule 207 or Rule 301(b) and whose registration has not been revoked or affected by Rule 301(d)(1)[(A)], shall continue to be so registered until the revocation or withdrawal of the registration of each of the registrant's sponsors, or until the cessation of the association of the registrant with each of his sponsors. Such person will be prohibited from engaging in activities requiring registration under the Act or from representing himself to be a registrant under the Act or the representative or agent of any registrant during the pendency of any suspension of his or his sponsor's registration. In accordance with Rule 214, each of the registrant's sponsors must file a notice with NFA on Form 8-T or on a Uniform Termination Notice for Securities Industry Registration reporting the termination of the association of the AP within 20 days thereafter.

* * *



Ms. Jean A. Webb

February 21, 1996

RULE 207. REPORTING OF DUAL AND MULTIPLE ASSOCIATIONS.

(a) Except as otherwise provided for in paragraph (d) of this Rule, any person whose registration as an AP still is in effect and not subject to conditions or restrictions may become registered as an AP of another sponsor if the new sponsor (who must meet the requirements set forth in Rule 504(a)(2)(B)(i) and (ii))[(b)(2)(A) and (B)] files with NFA a Form 3-R in accordance with the instructions thereto. The Form 3-R must contain a certification signed by each sponsor that each sponsor has verified that the AP currently is registered as an AP in some capacity and that the AP is not subject to a disqualification from registration under Section 8a(2) of the Act. The Form 3-R also must contain an acknowledgment that in addition to each sponsor's responsibility to supervise such AP, each sponsor is jointly and severally responsible for the conduct of the AP with respect to the:

- (1) solicitation or acceptance of customer orders;
- (2) solicitation of funds, securities or property for a participation in a commodity pool;
- (3) solicitation of a client's or prospective client's discretionary account;
- (4) solicitation or acceptance of leverage customer orders for leverage transactions; and
- (5) AP's supervision of any person or persons engaged in any of the foregoing solicitations or acceptances, with respect to any customers common to it and any other sponsor of the AP.

* * *

PART 300. TEMPORARY LICENSES

RULE 301. TEMPORARY LICENSING OF ASSOCIATED PERSONS.

* * *



Ms. Jean A. Webb

February 21, 1996

(b) **Temporary Licensing Upon Transfer of Associated Person Registration.**

* * *

- (3) An applicant will not become temporarily licensed upon mailing of a properly completed Form 8-R pursuant to this paragraph (b) unless such Form is accompanied by: (i) the fingerprints of the applicant on a fingerprint card provided by NFA for that purpose; (ii) the proficiency certification required by Rule 401, if such certification was required with the applicant's prior application for registration as an AP; (iii) the registration fee required by Rule 203(a)(1); and, if applicable, (iv) a Supplemental Sponsor Certification Statement signed by the new sponsor (who must meet the requirements set forth in Rule 504(a)(2)(B)(i) and (ii) [CFTC Regulation 3.60(b)(2)(i)(A) and (B)]) that contains conditions identical to those agreed to by the previous sponsor.
- (4) Subject to the provisions of Rules 301(c), (d) and (e), any person whose prior registration as an AP was subject to conditions or restrictions, and was terminated within the preceding 60 days because the previous sponsor's registration was revoked or withdrawn, and who becomes associated with a new sponsor (who must meet the requirements set forth in Rule 504(a)(2)(B)(i) and (ii) [(b)(2)(A) and (B)]) will be granted a temporary license upon the mailing by that new sponsor to NFA of the written certifications required by Rule 206(b) and a signed Supplemental Sponsor Certification Statement that contains conditions identical to those agreed to by the original sponsor.

* * *

RULE 302. TEMPORARY LICENSING FOR GUARANTEED INTRODUCING BROKERS.

* * *



Ms. Jean A. Webb

February 21, 1996

- (b) **Procedures for Granting a Conditional Temporary License.** If the applicant's registration as a guaranteed IB was subject to conditions or restrictions and has terminated within the preceding 60 days, the applicant may receive a conditional temporary license as an IB of a new guarantor FCM upon the mailing to NFA of the documents required by Rule 302(a)(1) through (9) and a Supplemental Guarantor Certification Statement signed by the new guarantor FCM (who must meet the requirements set forth in Rule 504(a)(2)(B)(i) and (ii) [(b)(2)(A) and (B)]), that contains conditions identical to those agreed to by the previous guarantor FCM.

* * *

- C. **Proposed Adoption of Interpretive Notice Regarding Ethics Training Providers (to read as follows):**

**INTERPRETIVE NOTICE
REGARDING
ETHICS TRAINING PROVIDERS**

The Commodity Futures Trading Commission ("CFTC" or "Commission") has delegated to National Futures Association ("NFA") the authority to maintain a list of authorized ethics training providers and to determine that a person should not be included on the list or should be removed from the list. See CFTC Regulation 3.34 and 60 Fed. Reg. 63907 (1995). This interpretive notice sets out the procedures which an ethics training provider must follow to be included on the list and which NFA must follow in determining that an ethics training provider should not be included on the list or should be removed from the list.

PART I

Definitions

- A. **Applicant.** Applicant means any person who seeks to be included on the list of authorized ethics training providers.



Ms. Jean A. Webb

February 21, 1996

- B. Certification notice. A certification notice is a request to be added to the list of authorized ethics training providers, filed on a form provided by NFA, and any amendments or updates thereto.
- C. Current provider. Current provider means any person currently on the list of authorized ethics training providers.
- D. Instructor. Instructor means any person who prepares or has input into the content of or who presents ethics training, including any individual who prepares or has input into the content of an ethics training videotape or electronic presentation but does not include any individual who merely assists in the administrative or technical aspects of any ethics presentation.
- E. Membership Committee. Membership Committee means an NFA Committee formed pursuant to NFA Bylaw 701.
- F. Person. Person means an individual, association, partnership, corporation, limited liability company, limited liability partnership, joint venture, trust or any other form of business organization.
- G. Principal. Principal has the same meaning as in NFA Registration Rule 101(n): Provided, however, that, with respect to any ethics training provider which is registered with the CFTC as a futures commission merchant, introducing broker, commodity pool operator, or commodity trading advisor and provides training only to its own employees and employees of its guaranteed introducing brokers, principal does not include any person who would be a principal under NFA Registration Rule 101(n) but is not directly or indirectly involved in the ethics training activities of the firm.

PART II

Procedures Which an Ethics Training Provider Must Follow to be Included on the List of Authorized Ethics Training Providers

- A. Requests to be added to the list of authorized ethics training providers. Any person which wants to be added to the list of authorized ethics training providers



Ms. Jean A. Webb

February 21, 1996

must file a certification notice with NFA, on a form provided by NFA, which includes identifying information and the certifications required by CFTC Regulation 3.34(b)(3)(iii). The certification notice must also include an addendum for each principal and instructor on a form provided by NFA. Failure to respond within thirty days to a written request by NFA for clarification or the correction of a deficiency shall be deemed to constitute a withdrawal of the certification notice.

- B. Reporting of deficiencies, inaccuracies, and changes. Each applicant and current provider must promptly correct any certification notice, including any addendum, which is deficient or inaccurate and must promptly report changes in the information on the certification notice, including any addendum, to NFA. An applicant or current provider must notify NFA, in writing, when a principal or instructor's affiliation with the applicant or current provider is terminated. In addition, an applicant or current provider which adds additional principals or instructors must promptly file an addendum for each such individual on a form provided by NFA.
- C. Updates. Each current provider must file an updated certification notice with NFA at least every three years upon receiving a request from NFA.
- D. Voluntary withdrawal of certification notice list/voluntary request to be removed from the list. An applicant may, at any time, request that their certification notice be withdrawn and no further consideration be given to their request to be included on the list. In addition, a current provider may, at any time, request that they be removed from the list of authorized providers.
- E. Fees.
 - 1. Each certification notice must be accompanied by a fee of \$100.00 plus \$50.00 for each addendum. Failure to pay the appropriate fees at the time of filing will be considered a deficiency in the certification notice.
 - 2. Each addendum to add an additional principal or instructor must be accompanied by a fee of \$50.00. Each tri-annual update must be accompanied by a



Ms. Jean A. Webb

February 21, 1996

fee of \$100.00. Failure to pay the appropriate fees within thirty days after NFA notifies a current provider that the fees are overdue will result in the summary removal of the ethics training provider from the list of authorized ethics training providers. The procedures in Part IV of this interpretive notice shall not apply.

- F. Address for Filing. Certification notices, addendums, updates, and amendments shall be filed with the Vice President, Membership and Registration, of National Futures Association, 200 West Madison Street, Chicago, Illinois 60606.

PART III

Records of Attendance

- A. Current providers shall provide records of attendees at ethics training programs to NFA in the format requested by NFA.

PART IV

Procedures to Deny Inclusion on the List of Ethics Training Providers or to Remove a Current Ethics Training Provider From the List

- A. Basis for Action.

NFA may determine not to include any applicant on the list of authorized ethics training providers and may determine to remove any current provider from the list if:

- (1) The applicant or current provider or any principal or instructor thereof is subject to:
 - (a) a statutory disqualification from registration under Section 8(a)(2) or (3) of the Commodity Exchange Act;
 - (b) a bar from serving on self-regulatory organization governing boards or committees based on disciplinary histories pursuant to Commis-



Ms. Jean A. Webb

February 21, 1996

sion Rule 1.63 or any self-regulatory organization rule adopted thereunder; or

- (c) a pending adjudicatory proceeding under Section 6(c), 6(d), 6c, 6d, 8a, or 9 of the Commodity Exchange Act or Commission Rules 3.55, 3.56 or 3.60;
- (2) The applicant or current provider will or does conduct training via videotape or electronic presentation and fails to certify that the person will maintain or fails to maintain documentation reasonably designed to verify the attendance of registrants at the videotape or electronic presentation for the minimum time requirement;
- (3) The applicant or current provider failed to report deficiencies, inaccuracies, or changes in the information provided to NFA within a reasonable time after the applicant or current provider knew, or in the exercise of reasonable diligence should have known, of the deficiency, inaccuracy, or change;
- (4) The applicant or current provider filed a false certification; or
- (5) The applicant or current provider's inclusion or continued inclusion on the list of authorized ethics training providers would be inconsistent with the purposes of Commission Rule 3.34.

B. Proceedings to be Conducted by the Membership Committee.

Final Orders determining not to include an applicant on or to remove a current provider from the list of authorized ethics training providers shall be made by the Membership Committee or a designated Subcommittee in accordance with procedures set forth in this Part IV. A designated Subcommittee shall consist of three members of the Membership Committee. In cases submitted by the President to the Membership Committee or a designated Subcommittee, removal from the list of authorized ethics training providers shall not be effected pending a final determination by the Member-



Ms. Jean A. Webb

February 21, 1996

ship Committee or a designated Subcommittee. No member of the Membership Committee or a designated Subcommittee shall participate in an action to deny an applicant inclusion on or to remove a current provider from the list of authorized ethics training providers if the member, or any person with whom the member is connected, has a financial, personal or other direct interest in the matter under consideration.

C. General Provisions.

(1) **Service.**

- (a) Service upon an applicant or current provider will be sufficient if mailed by certified mail return receipt requested, delivered to a generally recognized overnight courier service or delivered to a messenger service, properly addressed to the applicant or current provider at the address shown on his most recent certification notice filed with NFA or any amendment thereto. Service will be complete upon mailing, delivery to a generally recognized overnight courier service or delivery to a messenger service. Where a party effects service by mail, the time within which the person served may respond thereto shall be increased by three days.
- (b) Documents served by an applicant or current provider upon NFA under this Part IV shall be considered served or filed only upon actual receipt by the Legal Docketing Department of National Futures Association, 200 West Madison Street, Chicago, Illinois 60606.

(2) **Extensions of Time for Filing.**

- (a) Except as otherwise provided by law or by this Part IV, for good cause shown, the Membership Committee or a designated Subcommittee before whom a proceeding brought under this Part IV is then pending, on their own motion or the motion of a party, may at any time extend or shorten the time limit prescribed by this Part IV for filing any docu-



Ms. Jean A. Webb

February 21, 1996

ment. In any instance in which a time limit is not prescribed for an action to be taken concerning any matter, the Membership Committee or a designated Subcommittee may set a time limit for that action.

- (b) Absent extraordinary circumstances, in any instance in which a time limit that has been prescribed for an action to be taken exceeds seven days from the date of the order or provision establishing the time limit, requests for extension of time shall be filed at least five days prior to the expiration of the time limit and shall explain why an extension of time is necessary.

D. Withdrawal of Request to be Included on the List of Authorized Ethics Training Providers.

- (1) Whenever information comes to the attention of NFA that an applicant is subject to any of the disqualifying conditions set forth in Section A, the Vice-President of Compliance or the Vice-President's designee may serve written notice upon the applicant which shall specify the disqualifying conditions to which the applicant may be subject and notify the applicant that:
 - (a) the information, if true, is a basis upon which the ethics training provider's request to be included on the list of authorized providers may be denied;
 - (b) unless the applicant voluntarily withdraws his request, it may be necessary to institute the denial procedures described in this Part IV; and
 - (c) if the applicant does not confirm in writing that he wishes to have his request given further consideration, his request will be deemed to have been withdrawn.
- (2) The applicant must serve the written confirmation referred to in paragraph (1)(c) of this Section upon NFA's Legal Docketing Department within



Ms. Jean A. Webb

February 21, 1996

twenty days of the date the written notice from NFA was served.

E. Procedures Governing Applicants and Current Providers Subject to Any of the Disqualifying Conditions Set Forth in Section A.

- (1) **Notice of Intent.** On the basis of information which NFA has obtained, the President of NFA may at any time serve a Notice of Intent upon any applicant or current provider, stating that:
 - (a) NFA alleges that the applicant or current provider is subject to one or more of the disqualifying conditions set forth in Section A;
 - (b) the allegations set forth in the Notice of Intent, if true, constitute a basis upon which the applicant or current provider can be denied inclusion on or removed from the list of authorized ethics training providers; and
 - (c) the applicant or current provider is entitled to have the Membership Committee or a designated Subcommittee consider evidence of the type set forth in Part 2 of this Section E.

The Notice of Intent shall also inform the applicant or current provider of the procedures which will be followed if no written submission is made in accordance with Part 2 of this Section E. The Notice of Intent must include evidence of the disqualifying conditions through affidavits and any other relevant documents. The Notice of Intent may include a request for an oral hearing.

- (2) **Written Response to the Notice of Intent.**
 - (a) Within sixty days of the date of service of the Notice of Intent upon the applicant or current provider, the applicant or current provider shall file with NFA's Legal Docketing Department a written response. The written response may challenge the accuracy of



Ms. Jean A. Webb

February 21, 1996

the allegations establishing that the applicant or current provider is subject to one of the disqualifying conditions set forth in Section A and/or show that notwithstanding the accuracy of the allegations set forth in the Notice of Intent, the applicant or current provider's inclusion or continued inclusion on the list of authorized ethics training providers would not be contrary to the public interest.

- (b) Evidence challenging the accuracy of the allegations may include, but is not limited to, evidence as to:
 - (i) the applicant or current provider's identity;
 - (ii) the existence of a clerical error in any record documenting the disqualifying condition;
 - (iii) the nature or date of the disqualifying condition;
 - (iv) the post-conviction modification of any record of conviction; or
 - (v) the favorable disposition of any appeal.

The applicant or current provider shall state the nature of each challenge in the response and submit affidavits and any other documents which support facts material to each challenge.

- (c) Evidence showing that notwithstanding the accuracy of the allegations set forth in the Notice of Intent, the applicant or current provider's inclusion on the list of authorized providers would not be contrary to the public interest may include, but is not limited to:
 - (i) mitigation evidence relating to the facts and circumstances surrounding the



Ms. Jean A. Webb

February 21, 1996

conduct underlying the disqualifying condition; and

- (ii) evidence or rehabilitation since the conduct underlying the disqualifying condition.

The response must include affidavits and any other documents which the applicant or current provider believes support facts material to this showing.

- (d) The response may include a request for an oral hearing. Any request for an oral hearing must be accompanied by a fee of \$1,000.00. The fee shall be refunded if the Membership Committee or designated Subcommittee denies the request.
- (3) **Default of Applicant or Current Provider to Notice of Intent.** If the applicant or current provider fails to file a timely written response to the Notice of Intent, the applicant or current provider shall be deemed to have waived his right to submit a written response, and the facts stated in the Notice of Intent shall be deemed to be true for the purpose of determining that the applicant or current provider shall not be included on or shall be removed from the list of authorized ethics training providers. The Membership Committee or a designated Subcommittee shall thereafter, upon a finding that service was properly effected in accordance with Section C(1), enter a final order denying an applicant inclusion on or removing a current provider from the list of authorized ethics training providers. Such finding shall be based upon the evidence of the disqualifying condition and the Notice of Intent with proof of service. In order to prevent injustice and on such conditions as may be appropriate, the Membership Committee or a designated Subcommittee may set aside a default order. Any motion to set aside a default order shall be made within a reasonable time, shall state the reasons for the failure to file and shall specify the nature of the proposed defense.



Ms. Jean A. Webb

February 21, 1996

- (4) **NFA's Reply.** Within thirty days after the date the applicant or current provider serves a copy of the response to the Notice of Intent on NFA, the Vice-President of Compliance may prepare a reply and serve a copy of the reply on the applicant or current provider. The reply may include affidavits and other documents which NFA believes rebut the defense set forth in the response. The reply may also include a request for an oral hearing.
- (5) **Review of Written Submissions.** Within thirty days of the later of the date the applicant or current provider files its response in accordance with paragraph (2) of this Section E, or the date NFA files its reply in accordance with paragraph (4) of this Section E, the Membership Committee or a designated Subcommittee shall review each party's written submissions and supporting documentation and shall make a finding as to whether an applicant has shown that his inclusion on the list of authorized ethics training providers should not be denied or whether a current provider has shown that he should not be removed from the list of authorized ethics training providers and shall issue an order accordingly, pursuant to the standards set forth in Section F: *Provided, however,* that the Membership Committee or a designated Subcommittee may, in its sole discretion, on its own motion or the motion of any party, schedule an oral hearing. Any oral hearing will be held pursuant to the provisions of NFA Registration Rule 506.
- (6) **Termination.** At any time after the issuance of a Notice of Intent but prior to the effective date of a Final Order, the Membership Committee or a designated Subcommittee may issue a Withdrawal of Notice of Intent indicating that because the applicant has withdrawn its request to be included on the list of authorized providers, the current provider has requested to be removed from the list of current providers or for other good cause shown, further proceedings are not warranted.



Ms. Jean A. Webb

February 21, 1996

F. Decision of Membership Committee or a Designated Subcommittee.

- (1) **Standards of Proof.** The written decision of the Membership Committee or a designated Subcommittee shall specifically consider whether NFA has shown by a preponderance of the evidence that the applicant or current provider is subject to the disqualifying condition set forth in the Notice of Intent, and, where appropriate, whether the applicant or current ethics training provider has shown by the preponderance of the evidence that person's inclusion or continued inclusion on the list of eligible ethics training providers would not be contrary to the public interest.
- (2) **Findings.** In making its written decision, the Membership Committee or a designated Subcommittee shall set forth facts material to its conclusion and provide an explanation of its decision in light of the disqualifying condition set forth in the Notice of Intent and, where appropriate, its findings regarding:
 - (a) evidence challenging the accuracy of the allegations that the applicant or current provider is subject to one of the disqualifying conditions set forth in Section A;
 - (b) evidence mitigating the seriousness of the wrongdoing underlying the applicant or current provider's disqualifying condition; and
 - (c) evidence that the applicant or current provider has undergone rehabilitation since the time of the wrongful conduct underlying the disqualifying condition.

G. Orders.

- (1) **Final Orders.** All orders of the Membership Committee or a designated Subcommittee granting an applicant or current provider inclusion or continued inclusion on or denying an applicant inclusion on or removing a current provider from the list of authorized ethics training providers shall



Ms. Jean A. Webb

February 21, 1996

become a final order of NFA on the date of service upon the applicant or current provider. A copy of each final order issued by NFA shall be served upon the Commission at the same time it is served upon the applicant or current provider. All final orders shall inform the applicant or current provider of his right to petition the Commission for review under CFTC Regulation 3.34(b)(3)(v).

- (2) **Effective Date.** Any final order of NFA issued under this Interpretive Notice shall become effective thirty days after the date of service of the order on the applicant or registrant, except as otherwise directed by the Commission.

EXPLANATION OF PROPOSALS

A. Explanation of Proposed Amendments to NFA Code of Arbitration, Sections 5 and 6, and NFA Member Arbitration Rules, Sections 4 and 5

NFA's Code of Arbitration and Member Arbitration Rules ("arbitration rules") require an arbitration claim to be filed within two years from the date when a party knew or should have known of the act or transaction that is the subject of the controversy. The arbitration rules also provide that if the two-year period is drawing to an end, a party may file a Notice of Intent to arbitrate, provided the party files its actual Demand for Arbitration within 35 days of the Notice of Intent.

The current wording of the arbitration rules, however, has led some parties to believe that a Notice of Intent must be filed in all cases. On August 28, 1995, NFA submitted to the Commission proposed amendments to Section 6 of the Code of Arbitration and Section 5 of the Member Arbitration Rules to clarify that the filing of a Notice of Intent to arbitrate is optional and the filing of a Demand will satisfy the two-year time period for arbitration at NFA. However, based on discussions with Commission staff concerning those proposals, NFA believes that the additional technical changes adopted by the Board will further clarify the issue.

Ms. Jean A. Webb

February 21, 1996

B. Explanation of Proposed Amendments to NFA Registration Rules 204(d), 206(d), 207(a), 301(b) and 302(b)

Since 1993, NFA has amended its Registration Rules a number of times in response to changes to the Commodity Exchange Act and Commission Regulations and to implement the delegation of adverse authority regarding floor brokers and traders to NFA. Each time the rules were amended, a renumbering of the rules was required due to the addition and deletion of rules or portions of rules. In a review of the Registration Rules, NFA staff encountered a few cross-references to rule citations which were superseded due to renumbering. The proposed amendments are technical changes to reflect current rule citations in cross-references.

C. Explanation of Proposed Interpretive Notice Regarding Ethics Training Providers

As you are aware, last month the Commission adopted final rule amendments to CFTC Regulation 3.34 which, among other things, delegated to NFA a greater role in overseeing the ethics training process. Under the amendments, registrants may satisfy their ethics training requirement by attending a program sponsored by a self-regulatory organization, a state accredited continuing education entity or a person included on a list of authorized providers maintained by a registered futures association. The Commission's amendments delegate to NFA the responsibility of maintaining a list of authorized providers and making determinations that a person should not be included on or should be removed from the list.

A person seeking to be included on this list must file a notice with NFA which certifies that the person, its principals or any individuals who will prepare or present material are not subject to a statutory disqualification; a bar from service on a self-regulatory governing board or committee under Commission Rule 1.63; or a pending adjudicatory proceeding under certain sections of the Commodity Exchange Act. In addition, if the person will conduct training by videotape or electronic presentation, the person must certify that he will maintain documentation reasonably designed to verify the attendance of registrants at this type of presentation for the required time period.



Ms. Jean A. Webb

February 21, 1996

As noted above, NFA's responsibilities under these amendments will include making determinations not to include on or to remove persons from the list of authorized providers. The Commission's amendments require NFA to develop procedures which will govern these determinations. Specifically, NFA will be required to provide persons denied inclusion on or removed from the list an opportunity for a hearing before NFA and, if appropriate, an appeal to the Commission.

The proposed Interpretive Notice, which is divided into four parts, includes a section which defines key terms, outlines the procedures that an ethics training provider must follow in order to be included and remain on the list, imposes upon providers the duty to provide NFA with records of attendees at its ethics training programs and outlines the procedures that NFA will follow in denying persons inclusion on or removing persons from the list of authorized providers.

Part IV of the proposed Interpretive Notice is its most substantive section and sets forth the procedures NFA was directed to adopt by the amendments to Commission Regulation 3.34. Specifically, this section provides that if NFA determines that a person seeking to be included on the list or a current provider is subject to one of the disqualifying conditions discussed above, NFA will notify that person, through a Notice of Intent, that he is subject to one of these disqualifying conditions and that NFA intends to deny that person's request to be included on the list, or if a current provider, that NFA intends to remove that person from the list. The ethics training provider will then have an opportunity to file a written response to this Notice which disputes the factual accuracy of the allegations and/or which makes a showing that notwithstanding the existence of the disqualifying condition, including him on the list of providers would not be contrary to the public interest. NFA will then be given the opportunity to reply to this filing. Once these written submissions have been filed, NFA's Membership Committee or a designated Subcommittee will review the filings and issue an order either denying the person inclusion on or removing a person from the list or including the person on the list. The Membership Committee or designated Subcommittee may in its sole discretion, on its own motion or the motion of a party, order that an oral hearing be held. The rules also provide



Ms. Jean A. Webb

February 21, 1996

the applicant or current provider with the opportunity to appeal any adverse decision to the Commission.

Although it is not expected that NFA will receive a significant number of requests to be included on the list, the proposed Interpretive Notice does provide for application and hearing fees similar to those imposed in the registration process.

NFA respectfully requests that the Commission review and approve the proposals contained in this submission and requests that they be declared effective upon Commission approval.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Daniel J. Roth', written over a horizontal line.

Daniel J. Roth
General Counsel

cc: Acting Chairman John E. Tull, Jr.
Commissioner Barbara Pedersen Holum
Commissioner Joseph P. Dial
Andrea M. Corcoran, Esq.
Geoffrey Aronow, Esq.
Alan L. Seifert, Esq.
Susan C. Ervin, Esq.
Lawrence B. Patent, Esq.
David Van Wagner, Esq.

CFTC Approves Interpretive Notices and
Amendments to NFA Registration Rules
Regarding Ethics Training

By letters dated February 21, 1996, August 27, 1996 and November 26, 1996, NFA submitted to the CFTC for its review and approval the proposed adoption of two Interpretive Notices and amendments to NFA's Registration Rules, as explained below. NFA today received notice from the Commission stating that the Commission on January 30, 1997, approved NFA's proposals.

ADOPTION OF INTERPRETIVE NOTICE REGARDING ETHICS TRAINING PROVIDERS – An interpretive notice which sets out the procedures which an ethics training provider must follow to be included on the list of authorized training providers and which NFA must follow in determining that an ethics training provider should not be included on or removed from the list.

ADOPTION OF INTERPRETIVE NOTICE REGARDING EXPERIENCE AND PROFICIENCY REQUIREMENTS FOR ETHICS TRAINING PROVIDERS – An interpretive notice which establishes testing and experience requirements for ethics training providers.

AMENDMENT TO NFA REGISTRATION RULE 203 – Imposes on the sponsor a \$500 fee for each of its APs who has not timely complied with the ethics training requirements.

ADOPTION OF NFA REGISTRATION RULE 215 – Provides for the suspension of registration for noncompliance with ethics training requirements.

U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5000
Facsimile: (202) 418-5521



January 30, 1997

Mr. Daniel J. Roth
General Counsel
National Futures Association
200 West Madison Street
Chicago, Illinois 60606

Re: National Futures Association's Proposed Interpretive Notice Regarding Ethics Training Providers, Proposed Interpretive Notice Regarding Experience and Proficiency Requirements for Ethics Training Providers; and Proposed New Registration Rule 215 and Proposed Amendments to Registration Rule 203(a)

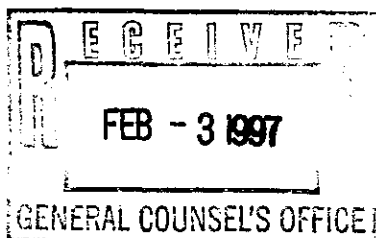
Dear Mr. Roth:

By letters dated February 21, 1996, through November 26, 1996, the National Futures Association ("NFA") submitted to the Commission the above-referenced proposal pursuant to Section 17(j) of the Commodity Exchange Act ("Act").

Please be advised that on this date the Commission has determined to approve the above-referenced proposed new Interpretive Notices, new rule and rule amendments pursuant to Section 17(j) of the Act.

Sincerely,

Jean A. Webb
Secretary of the Commission





July 5, 1996

David P. Van Wagner, Esq.
Special Counsel
Division of Trading and Markets
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: National Futures Association's Proposed Interpretive
Notice Regarding Ethics Training Providers

Dear Mr. Van Wagner:

I am writing to respond to your May 17, 1996 letter requesting that National Futures Association ("NFA") address a number of issues that you discuss. I will respond to each issue in the order in which you presented them.

1. NFA will use the term "eligible" throughout the Interpretive Notice.
2. NFA notes that the Commission's delegation order does not require NFA to include any procedures for evaluating complaints or reviewing the providers' operations in the Interpretive Notice and NFA does not intend to do so. Rather, NFA will follow the same type of procedures to accomplish these tasks as it uses in evaluating fitness for registration. NFA will obtain appropriate documentation to review any potential problem and refer matters to the Registration, Legal and Compliance Committee for action. Since NFA has modeled the procedures for evaluating ethics training on its registration procedures, NFA believes that this is the most efficient means of discharging its responsibilities. The Division of Trading and Markets ("T & M") recently reviewed and approved all of those registration procedures as part of its review of NFA's registration fitness program. Consequently, NFA does not believe that additional procedures specific to ethics training providers are necessary.
- 3.a. Part II. E. 1. provides that a \$100 fee and a \$50 fee for each addendum must accompany each certification notice. Part II. E. 2. provides that a \$50 fee must accompany each addendum to add an additional principal or instructor and a \$100 fee must accompany each tri-annual update. No fee is



David P. Van Wagner, Esq.

July 5, 1996

associated with reports of deficiencies, inaccuracies or changes.

- b. NFA has distinguished between certification notices, addenda and tri-annual updates on the one hand and reports of deficiencies, inaccuracies or changes on the other based upon its treatment of analogous registration filings. NFA is not charging a fee for correction notices just as it does not charge a fee for Form 3-Rs. See, NFA Registration Rule 203(a).
- 4.a. Part I.G. excludes from the definition of "principal" those principals of current registrants who are not directly or indirectly involved with the ethics training activities of the registrant. These principals all have current Form 8-Rs on file with NFA and are under an affirmative duty to keep such applications current through the filing of Form 3-Rs. Since these principals are not directly or indirectly involved with the ethics training activities of the registrant, requiring them to submit the certifications would be duplicative and unnecessary. To the extent that NFA obtains and utilizes any derogatory information concerning such principals to disqualify the registrant, NFA would bring an analogous action against the ethics provider.
- b. All of the information to which the certification applies is available in the NFA Clearinghouse of Disciplinary Information, is the subject of questions on the Form 8-R or would be revealed as part of NFA's fitness examination of these principals. NFA routinely uses these sources to evaluate the fitness of existing principals.
- c. NFA will revise the Interpretive Statement to include the proficiency testing and experience requirements that the Commission adopted in its Final rules issued May 6, 1996.
- d. As is the case with applicants for registration, NFA will treat the failure to include required information as a deficiency, and NFA will refuse to process the certification or addendum. Part IV. A. 5. provides that a person who submits a false certification is not eligible. NFA believes that any additional provisions are therefore unnecessary.
- 5. NFA believes that the requirement of reporting changed circumstances, including the addition of principals or instructors, within a reasonable time is appropriate. The



David P. Van Wagner, Esq.

July 5, 1996

Commission's Regulations and NFA's Registration Rules require that registrants must promptly correct deficiencies, inaccuracies or changes to their applications by filing a Form 3-R. See, Commission Regulation 3.31(a) and (b) and NFA Registration Rule 210. This "prompt" reporting concept has proved workable and effective in the registration area, and NFA believes that the reasonable time requirement will work equally well for ethics training providers.

6. NFA will interpret the provisions regarding withdrawal as requiring a written request. NFA will not honor a verbal request to withdraw a certification notice or to remove an ethics provider from the list of eligible providers.
- 7.a. NFA will treat any failure to provide records of attendees, whether at video, electronic or live training sessions, as evidence that the ethics training provider's inclusion or continued inclusion on the list of eligible ethics training providers would be inconsistent with the purposes of Commission Regulation 3.34. Under Part IV. (A)(4), this will result in the ethics training provider being ineligible.
- b. NFA will advise all listed ethics training providers in a letter setting forth required procedures that they must report program attendees monthly. This letter will also detail the format which NFA expects the providers to use.
- c. The comments accompanying the Commission's Final rules issued May 6, 1996 contain a footnote that specifically rejects an SRO's request for a rule requiring ethics training providers to report attendance of exchange members to the exchanges. 61 Fed. Reg. 20127, 20130, n.19 (May 6, 1996). NFA agrees that this requirement is unnecessary. NFA will coordinate with the exchanges and will share any attendance information concerning their members with them in a mutually acceptable manner.
8. NFA will make the recommended revision.
9. NFA will make the recommended revisions.

NFA

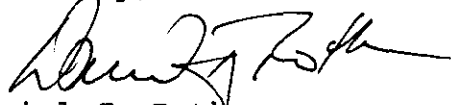
- 4 -

David P. Van Wagner, Esq.

July 5, 1996

If you have any questions, please telephone me at
(312) 781-1390.

Sincerely,



Daniel J. Roth
General Counsel

ckm(ltr\vnwgnr.ltr)



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5430
Facsimile: (202) 418-5536

DIVISION OF
TRADING & MARKETS

May 28, 1996

Mr. Daniel J. Roth
General Counsel
National Futures Association
200 West Madison Street
Chicago, Illinois 60606

Re: Proposed Amendments to Code of Arbitration
Sections 5 and 6; Member Arbitration Rules 4 and
5; and, Registration Rules 204(d), 206(d), 207(a),
301(b) and 302(b)

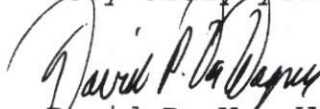
Dear Mr. Roth:

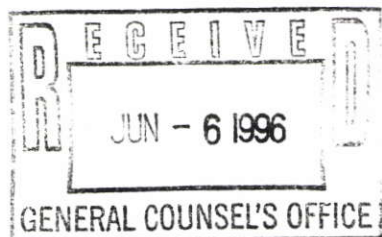
By letter dated February 21, 1996, the National Futures Association ("NFA") submitted the above-referenced proposed amendments to the Commission for its approval, pursuant to Section 17(j) of the Commodity Exchange Act ("Act"). By letter dated May 17, 1996, the Division of Trading and Markets ("Division") informed NFA that the Division could handle the proposed amendments pursuant to the "ten-day" provision of Section 17(j) of the Act, which permits a proposal to become effective ten days after Commission receipt unless the Commission determines to review the proposal for approval and so notifies NFA.

Subsequently, by letter dated May 24, 1996, and received May 28, 1996, NFA re-submitted the above-referenced proposed amendments and invoked the "ten-day" provision of Section 17(j) of the Act.

Please be advised that the Division has examined the proposed amendments to Code of Arbitration Sections 5 and 6; Member Arbitration Rules 4 and 5; and, Registration Rules 204(d), 206(d), 207(a), 301(b) and 302(b) and has decided not to review the proposed amendments, as provided under Section 17(j) of the Act.

Very truly yours,


David P. Van Wagner
Special Counsel



May 24, 1996

Via Airborne Express

Ms. Jean A. Webb
Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: National Futures Association: Modification to NFA
Submission Dated February 21, 1996 Affecting Proposed
Amendments to NFA Code of Arbitration, Sections 5 and
6; NFA Member Arbitration Rules, Sections 4 and 5; and
NFA Registration Rules 204(d), 206(d), 207(a), 301(b)
and 302(b)

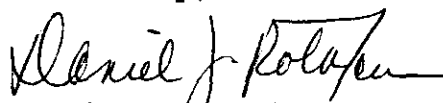
Dear Ms. Webb:

By letter dated February 21, 1996, National Futures
Association ("NFA") submitted for review and approval by the
Commodity Futures Trading Commission ("Commission" or "CFTC")
proposed amendments to NFA Code of Arbitration, Sections 5 and 6;
NFA Member Arbitration Rules, Sections 4 and 5; and NFA Registra-
tion Rules 204(d), 206(d), 207(a), 301(b) and 302(b).

NFA was subsequently informed by the CFTC's Division of
Trading and Markets that the Division had reviewed these proposed
amendments and felt that they raised no significant concerns
under the Act or the Commission's Regulations.

Accordingly, NFA wishes to modify its submission by
invoking the "ten-day" provision of Section 17(j) of the Act.
NFA intends to make the above-referenced proposed amendments
effective ten days after receipt of this letter by the Commission
unless the Commission notifies NFA within the ten-day period that
the Commission has determined to review the amendments for
approval.

Sincerely,



Daniel J. Roth
General Counsel

cc: Acting Chairman John E. Tull, Jr.
Commissioner Barbara Pedersen Holum
Commissioner Joseph P. Dial
Andrea M. Corcoran, Esq.
Geoffrey Aronow, Esq.
Alan L. Seifert, Esq.
Susan C. Ervin, Esq.
Lawrence B. Patent, Esq.
David Van Wagner, Esq.



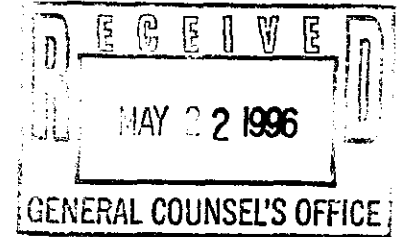
U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5430
Facsimile: (202) 418-5536

DIVISION OF
TRADING & MARKETS

May 17, 1996

Mr. Daniel J. Roth
General Counsel
National Futures Association
200 West Madison Street
Chicago, Illinois 60606-3447



Re: National Futures Association's Proposed
Interpretive Notice Regarding Ethics Training
Providers

Dear Mr. Roth:

By letter dated February 21, 1996, the National Futures Association ("NFA") submitted to the Commission for its approval, pursuant to Section 17(j) of the Commodity Exchange Act ("Act"), a proposed Interpretive Notice regarding ethics training providers. Based upon its review, the Division of Trading and Markets ("Division") has identified the following issues which NFA should address in order to further explain and justify the proposed Interpretive Notice. A number of these issues have arisen subsequent to NFA's original submission due to the Commission's recent rulemaking concerning ethics training providers. 61 Fed. Reg. 20127 (May 6, 1996)

1. NFA's proposed Interpretive Notice includes references to both "authorized" and "eligible" ethics training providers. NFA should uniformly use the term "eligible" ethics training providers in its proposal. This approach would be consistent with the Commission's usage of the term in its December 1995 release amending Commission Regulation 3.34. 60 Fed. Reg. 63907 (December 13, 1995).
2. In addition to delegating authority to NFA to maintain a list of eligible ethics training providers for the purposes of Commission Regulation 3.34, the Commission has authorized NFA to, among other things, "receive and evaluate complaints concerning such providers and conduct other appropriate reviews of providers' operations." 60 Fed. Reg. 63907, 63910. NFA's proposed Interpretive Notice does not address these additional activities. Please explain whether NFA intends to establish any requirements or internal procedures with respect to these responsibilities and, if so, what these requirements or procedures will be?

3. a. Part II of NFA's proposed Interpretive Notice establishes procedures for persons to apply for and maintain a listing on the list of eligible ethics training providers. Part II includes a number of provisions requiring that such persons inform the NFA, by appropriate addenda, updates or correction notices, whenever certain information in their applications or current listing needs to be revised. Part II.E also states that each addendum must be accompanied by a \$50 fee. Please explain whether Part II would impose a \$50 fee for addenda only, or whether it also would impose such a fee for Part II's required updates (e.g., Part II.C's three-year updated certification notices for current eligible providers) and correction notices (e.g., Part II.B's corrections to certification notices due to deficiencies or inaccuracies).
- b. If the NFA would charge a \$50 fee for addenda only, please explain this distinction in Part II's treatment of addenda versus updates and correction notices.
4. a. Part II.A of NFA's proposed Interpretive Notice would require that persons applying to be included on the list of eligible ethics training providers must file a certification notice with NFA which includes certain identifying information and the certifications required by Commission Regulation 3.34(b)(3)(iii). Please confirm the Division's understanding that, under the NFA's proposal, an applicant filing a certification notice pursuant to this provision that is also a registrant under the Act would not be required to include in such a notice any of the information listed in Commission Regulation 3.34(b)(3)(iii)(A)(1) through (3) for those principals of the applicant who were not directly or indirectly involved in the applicant's ethics training activities. If so, please explain NFA's rationale for not requiring applicants to provide such information in their certification notices.
- b. Would the NFA use any alternative source of information to determine whether such principals were: (1) subject to a statutory disqualification under the Act (Commission Regulation 3.34(b)(3)(iii)(A)(1)); (2) barred from self-regulatory organization ("SRO") committee service under Commission Regulation 1.63 or an implementing SRO rule (Commission Regulation 3.34(b)(3)(iii)(A)(2)); or, (3) subject to a pending proceeding with respect to possible violations of the Act or the Commission's regulations (Commission Regulation 3.34(b)(3)(iii)(A)(3))? If so, please explain what these alternative sources of information would be.
- c. Consistent with the Commission's recently-adopted amendment to Regulation 3.34(b)(3)(iii), Part II.A of NFA's proposed Interpretive Notice should be revised to require

that persons applying to be added to the list of eligible ethics training providers include in their certification notices evidence that they "have taken and passed the proficiency testing requirements for an ethics training provider" and that they "possess a minimum of three years of relevant experience for an ethics training provider."

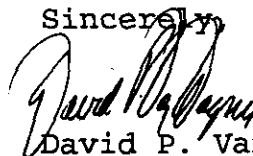
- d. NFA also should make a failure to provide such information a basis for denying inclusion on the list of eligible ethics training providers under Part IV.A of NFA's proposed Interpretive Notice.
5. a. Part II.B of NFA's proposed Interpretive Notice states that, in order for applicants and eligible ethics training providers to keep their certification notices current, they "must promptly file" with NFA an addendum for each new principal or instructor. NFA should clarify this requirement by stating a specific time period within which such an addendum must be filed.
- b. Similarly, Part IV.A(3) of the proposed Interpretive Notice states that an applicant's or eligible ethics training provider's failure to report changed circumstances to NFA "within a reasonable time" after the applicant or provider learned of such information can be the basis for exclusion or removal from the list of eligible ethics training providers. The NFA should replace this reference with some specific period of time.
6. Part II.D of NFA's proposed Interpretive Notice states that an applicant may request that his or her certification notice be withdrawn, but does not specify any required means of communicating this request to NFA. The same provision takes a similar approach to eligible ethics training providers requesting that their names be removed from the list of eligible providers. In order to avoid possible miscommunications in this area, the Division recommends that the NFA require that such requests be made in writing.
7. a. Consistent with Commission Regulation 3.34(b)(4), Part III.A of NFA's proposed Interpretive Notice would require that eligible ethics training providers provide NFA with records of attendees at their ethics training programs in the format requested by NFA. While Part IV.A(2) of the proposed Interpretive Notice lists a failure to "maintain" attendance documentation as a basis for removing a current provider from the list of eligible ethics training providers, it does not seem to directly address failures to report program attendees to NFA. Please describe what sanctions, if any, NFA would be able to impose on eligible providers who failed to report such information to NFA?

- b. The Division recommends that the NFA require that eligible providers provide the NFA with a list of program attendees within 30 days of the date of each program.
- c. When the Commission proposed amendments to Regulation 3.34 in order to enhance the ability of registered futures associations to track registrants' ethics training attendance, the Chicago Board of Trade's ("CBOT's") comments included a request that its members' attendance be reported to the CBOT as well as NFA. 59 Fed. Reg. 37446 (July 22, 1994). Please address the feasibility of NFA requiring that eligible ethics training providers report such information to the exchanges whenever their members attend ethics training programs.
8. The reference to "Section 8(a)(2) or (3)" in Part IV.A(1)(b) of NFA's proposed Interpretive Notice should be revised to read "Section 8a(2) or (3)."
9. NFA should make the following two revisions to Part IV.A(1)(c) of its proposed Interpretive Notice:
- a. Delete the provision's reference to Section 8a of the Commodity Exchange Act.
 - b. Insert ", or a similar proceeding under Section 8a of the Commodity Exchange Act" between the words "Act" and "or."

In addition to the proposed Interpretive Notice regarding ethics training providers, NFA also requested in its February 21, 1996, submission that the Commission approve proposed amendments to Code of Arbitration Sections 5 and 6; Member Arbitration Rules Sections 4 and 5; and, Registration Rules 204(d), 206(d), 207(a), 301(b) and 302(b). The Division has reviewed these proposed amendments and does not believe that they raise any significant concerns under the Act or the Commission's Regulations. Accordingly, the Division suggests that NFA request that these amendments be allowed to become effective without Commission approval pursuant to the "ten-day" provision of Section 17(j) of the Act.

If you have any questions concerning the issues raised in this letter, please contact David P. Van Wagner at (202) 418-5481.

Sincerely,



David P. Van Wagner
Special Counsel