

May 19, 1988

Ms. Jean A. Webb  
Secretariat  
Commodity Futures Trading Commission  
2033 K Street, N.W.  
Washington, D.C. 20581

Re: National Futures Association, Proposed Amend-  
ments to Article VII, Section 3(a) and Article  
X.

Dear Ms. Webb:

Pursuant to Section 17(j) of the Commodity Exchange Act, as amended ("the Act"), National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("Commission") proposed amendments to Articles VII and X of NFA's Articles of Incorporation ("Articles"). The amendments were ratified by NFA's Board of Directors ("Board") at its meeting on November 19, 1987, and have since been adopted by a two-thirds vote of those NFA members actually voting in each of the FCM and IB and the Industry Participant categories. NFA respectfully requests Commission review and approval of the proposed amendments.

#### I. THE PROPOSED AMENDMENTS

The proposed amendments to Article VII, Section 3(a) and Article X would allow each Sub-Committee of the Nominating Committee to nominate more than one candidate for each available position on the Board. Additions are underscored and deletions are [bracketed].



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ARTICLES OF INCORPORATION  
OF  
NATIONAL FUTURES ASSOCIATION

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ARTICLE VII: BOARD OF DIRECTORS

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Section 3: Nominations; Election.

The elected Directors shall be chosen as follows:

(a) Nominating Committee.

The Nominating Committee (see Article X) shall nominate at least one candidate for each elected Director position to be filled, at least one of which shall be a representative of an FCM which is not a member of any contract market. These nominations shall be made in accordance with the eligibility requirements contained in this Article.

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ARTICLE X: NOMINATING COMMITTEE

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Section 1: General.

There shall be a Nominating Committee, composed of six (6) Sub-committees, one for each of the following categories of Members: FCMs; IBs; commercial firms; CPOs; CTAs; and commercial banks. Each Sub-Committee shall nominate at least one candidate for each position to be filled on the Board in the Sub-Committee's category, in accordance with the eligibility requirements of Article VII.

\* \* \*

II. EXPLANATION OF THE PROPOSED ARTICLES AMENDMENTS

The Articles presently provide that each Sub-Committee of the Nominating Committee may nominate only one candidate for each position to be filled on the Board of Directors ("Board") in the Sub-Committee's category. This means



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that when two or more highly qualified candidates are competing for the same position a Sub-Committee comprised of three individuals is required to decide which candidate to propose for placement on the ballot. Not only can this be a difficult decision for the Sub-Committee but it has the effect of forcing the other qualified candidates to either go through the burdensome process of petitioning for a position on the ballot or forego seeking nomination for the position.

The proposed amendments to Articles VII, Section 3(a) and Article X provide that each Sub-Committee of the Nominating Committee shall nominate "at least" one, rather than only one, candidate. A Sub-Committee will then have the flexibility to nominate more than one candidate when it believes it is appropriate to do so. Where more than one person is nominated, NFA's Members and not a Sub-Committee will vote to determine which candidate is the most qualified.

NFA respectfully requests that the amendments to Articles VII and X be declared effective upon approval by the Commission, as authorized by Section 17(j) of the Act.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel J. Roth", is written over the typed name.

Daniel J. Roth  
General Counsel

AS:rh(D3:23)

cc: Chairman Wendy L. Gramm  
Commissioner Kalo A. Hineman  
Commissioner Fowler C. West  
Commissioner William E. Seale  
Commissioner Robert R. Davis  
Andrea M. Corcoran, Esq.  
Marshall E. Hanbury, Esq.  
Dennis A. Klejna, Esq.  
Alan L. Seifert, Esq.  
Susan C. Ervin, Esq.  
Lawrence B. Patent, Esq.

UNITED STATES OF AMERICA  
**COMMODITY FUTURES TRADING COMMISSION**

2033 K Street, N.W.  
Washington, D.C. 20581

July 19, 1988



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

Re: Proposed Amendments to Articles VII and X of  
the National Futures Association's Articles  
of Incorporation

Dear Mr. Roth:

By a letter dated May 19, 1988 and received by the Commission on May 25, 1988, the National Futures Association ("NFA") submitted pursuant to Section 17(j) of the Commodity Exchange Act ("Act") proposed amendments to Articles VII and X of its Articles of Incorporation. The proposed amendments would revise the procedure for nominating certain candidates for election to NFA's Board of Directors. The Commission understands that NFA intends to implement the proposed amendments upon receipt of notice of Commission approval.

Please be advised that the Commission has this date approved the above-referenced amendments to Articles VII and X of NFA's Articles of Incorporation under Section 17(j) of the Act.

Sincerely,

Jean A Webb  
Secretary of the Commission

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JUL 21 1988

GENERAL COUNSEL'S OFFICE