

Via Airborne Express

May 22, 1990

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

Re: National Futures Association: Proposed New NFA Bylaws 515,
707 and 802

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 new NFA Bylaws 515, 707 and 802, which were approved by NFA's Board of Directors ("the Board") at its meeting on May 17, 1990. This submission supersedes those portions of the January 8, 1990 submission which relate to proposed new NFA Bylaws 515 and 707. NFA intends to make new Bylaws 515, 707 and 802 effective ten days after receipt of this submission by the Commission unless the Commission notifies NFA, within the ten day period, that the Commission has determined to review the amendments for approval.

- A. Proposed NFA Bylaws 515, 707 and 802 to set qualification standards for service on the Board, the Regional Business Conduct Committees, and arbitration panels (all new language):

BYLAWS
OF
NATIONAL FUTURES ASSOCIATION

* * *

CHAPTER 5

BOARD OF DIRECTORS

* * *

Jean A. Webb

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Bylaw 515. Qualifications of Directors.

- (a) No individual shall be eligible to serve as a Director if such person:
 - (i) is subject to any of the disqualifications set forth in CFTC Regulation 1.63(b);
 - (ii) has been convicted of a felony within the prior ten years; or
 - (iii) is subject to a Member Responsibility Action or Associate Responsibility Action which is currently in effect.
- (b) In the event that a Director becomes disqualified after election to the Board, the vacancy shall be filled as prescribed by Article VII, Section 8. If the sanction is stayed or overturned on appeal before the vacancy is filled, the Director shall be entitled to resume his seat on the Board.
- (c) NFA shall publish a list of those Rules which, if violated, would not constitute a disciplinary offense as defined in CFTC Regulation 1.63(a)(4)(i).

* * *

CHAPTER 7

COMMITTEES

* * *

Bylaw 707. Qualifications of Members of Regional Business Conduct Committees.

- (a) No individual shall be eligible to serve as a member of a Regional Business Conduct Committee if such person:
 - (i) is subject to any of the disqualifications set forth in CFTC Regulation 1.63(b);

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- (ii) has been convicted of a felony within the prior ten years; or
- (iii) is subject to a Member Responsibility Action or Associate Responsibility Action which is currently in effect.

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CHAPTER 8

ARBITRATION

* * *

Bylaw 802. Qualifications of Members of Arbitration Panels.

- (a) No individual shall be eligible to serve as a Panel member if such person:
 - (i) is subject to any of the disqualifications set forth in CFTC Regulation 1.63(b);
 - (ii) has been convicted of a felony within the prior ten years; or
 - (iii) is subject to a Member Responsibility Action or Associate Responsibility Action which is currently in effect.
- (b) The Secretary may disqualify an individual from serving on a Panel for conditions other than those set forth in paragraph (a) of this Bylaw and may adopt eligibility standards in addition to those set forth in paragraph (a) of this Bylaw.
- (c) Service on a Panel by an individual who is ineligible for service pursuant to this Bylaw shall not constitute grounds to challenge an award rendered by the Panel.



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- B. Explanation of proposed NFA Bylaws 515, 707 and 802 to set qualification standards for service on the Board, the Regional Business Conduct Committees and arbitration panels.

NFA has always been seriously committed to maintaining high standards for service on the Board, the Regional Business Conduct Committees ("BCCs") and arbitration panels. The Board recognized the need to adopt standards for service on the Board and the BCCs which would disqualify individuals subject to serious disciplinary sanctions, and, therefore, on December 7, 1989, the Board adopted proposed NFA Bylaws 515 and 707 in their original form. The Board was aware at that time that the Commission had proposed qualification standards which were not entirely consistent with the proposed Bylaws, but the Board believed that the importance of the issue made it appropriate to act at that time rather than waiting until the Commission published final rules. Those Bylaws were submitted to the Commission on January 8, 1990 and are currently awaiting approval.

As you know, on March 6, 1990, the Commission published the final version of CFTC Regulation 1.63 [55 Fed. Reg. 7884 (1990)]. The standards required by CFTC Regulation 1.63 are different than those contained in proposed NFA Bylaws 515 and 707 as adopted by the Board on December 7, 1990. In order to comply with Regulation 1.63, the Board modified proposed Bylaws 515 and 707 and is resubmitting them to the Commission.

The Board has also adopted proposed new Bylaw 802 to incorporate the standards of Regulation 1.63 for arbitration panelists. The standards for service on NFA arbitration panels have always been stricter than those required by CFTC Regulation 1.63, however, and proposed Bylaw 802 includes a provision which explicitly authorizes NFA to continue applying these stricter standards.

The revised versions of proposed Bylaws 515 and 707 and proposed new Bylaw 802 incorporate both the standards now required by CFTC Regulation 1.63 and those standards originally passed by the Board which the Commission did not address in its final rule. Specifically, those original standards would prohibit service on NFA's Board, BCCs and arbitration panels by individuals who are: (1) subject to an outstanding Member Responsibility Action or Associate Responsibility Action, or; (2) who have been convicted of any felony offense within the past 10 years.

NFA

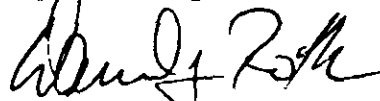
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As stated above, NFA intends to make proposed NFA Bylaws 515, 707 and 802 effective ten days after receipt of this submission by the Commission unless NFA receives notification that the Commission has determined to review the amendments for approval.

Respectfully submitted,



Daniel J. Roth
General Counsel

(LTRS:Bylaws.KPC:nm)

cc: Chairman Wendy L. Gramm
Commissioner Kalo A. Hineman
Commissioner Fowler C. West
Commissioner William P. Albrecht
Andrea M. Corcoran, Esq.
Dennis P. Klejna, Esq.
Alan L. Seifert, Esq.
Susan C. Ervin, Esq.
Lawrence B. Patent, Esq.



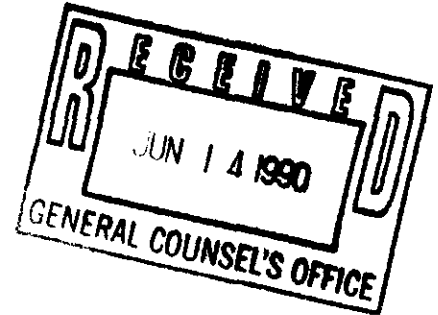
DIVISION OF
TRADING AND MARKETS

COMMODITY FUTURES TRADING COMMISSION

2033 K STREET, N.W., WASHINGTON, D.C. 20581

(202) 254-8955

(202) 254-3534 FACSIMILE



June 11, 1990

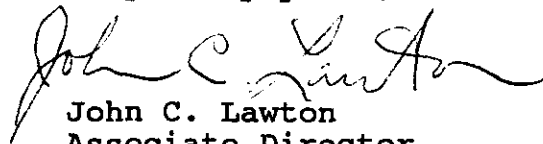
Daniel J. Roth, Esq.
General Counsel
National Futures Association
200 West Madison Street
Chicago, Illinois 60606

Re: Service on Governing Board, Arbitration
Panels and Disciplinary Committees -- Bylaw
515's List of Non-disciplinary Offenses

Dear Mr. Roth:

22
By letter dated May 29, 1990 and received by the Commission on May 30, 1990, the National Futures Association ("NFA") submitted the above-referenced proposal to the Commission. Please be advised that the Division of Trading and Markets has examined the above-referenced proposal and has determined not to recommend that the Commission review the proposal, as provided under Section 17(j) of the Act.

Very truly yours,


John C. Lawton
Associate Director



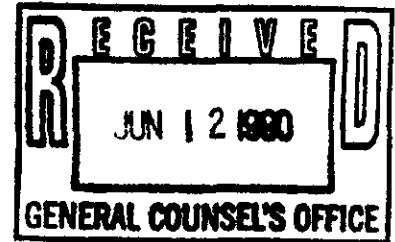
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COMMODITY FUTURES TRADING COMMISSION

2033 K STREET, N.W., WASHINGTON, D.C. 20581

(202) 254-8955

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June 8, 1990

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

Re: Service on Governing Board, Arbitration
Panels and Disciplinary Committees --
Bylaws 515, 707 and 802

Dear Mr. Roth:

By letter dated May 22, 1990 and received by the Commission on May 23, 1990, the National Futures Association ("NFA") submitted the above-referenced proposal to the Commission. NFA's submission invoked the "ten-day" provision of Section 17(j) of the Commodity Exchange Act ("Act") to permit the above-referenced proposal to become effective ten days after Commission receipt unless the Commission determines to review the proposal for approval and so notifies NFA.

Please be advised that the Division of Trading and Markets has examined the above-referenced proposal and has determined not to recommend that the Commission review the proposal, as provided under Section 17(j) of the Act.

Very truly yours,

John C. Lawton
Associate Director



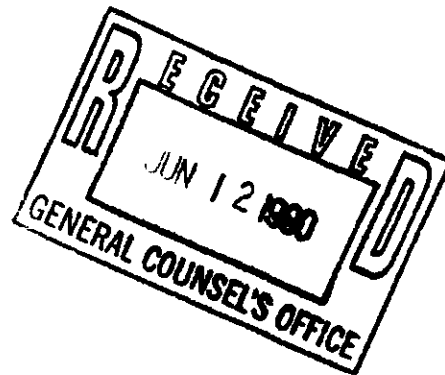
DIVISION OF
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COMMODITY FUTURES TRADING COMMISSION

2033 K STREET, N.W., WASHINGTON, D.C. 20581

(202) 254-8955

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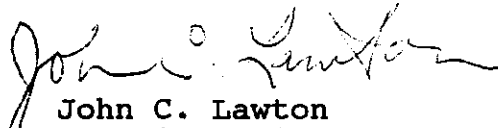
Daniel J. Roth, Esq.
General Counsel
National Futures Association
200 West Madison Street
Chicago, Illinois 60606

Re: Service on Governing Board, Arbitration
Panels and Disciplinary Committees --
Bylaws 515, 707 and 802

Dear Mr. Roth:

By letter dated May 22, 1990, and received by the Commission on May 23, 1990, the National Futures Association ("NFA") submitted the above-referenced proposal under Section 17(j) of the Commodity Exchange Act ("Act"). The Division of Trading and Markets has reviewed the submission and has determined that your proposal does not require prior Commission approval under Section 17(j) of the Act and may be made effective immediately. Please be reminded that if NFA intends to publish any list of rules which would not constitute a disciplinary offense pursuant to Bylaw 515(c), such list must be submitted to the Commission pursuant to Section 17(j) of the Act.

Very truly yours,


John C. Lawton
Associate Director

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NFA NATIONAL FUTURES ASSOCIATION
200 W. MADISON ST. • CHICAGO, IL • 60606-3447 • (312) 781-1300

Via Airborne Express

May 29, 1990

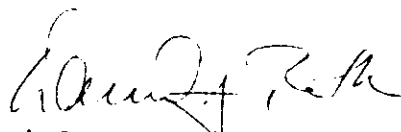
Ms. Jean A. Webb
Secretariat
Commodity Futures Trading
Commission
2033 K Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 1.63(d)

Dear Ms. Webb:

Enclosed pursuant to CFTC Regulation 1.63(d) is a list of all NFA rules which, if violated, would not constitute a disciplinary offense under CFTC Regulation 1.63(a)(4)(i). This list is referenced in proposed NFA Bylaw 515(c), as set forth in the submission letter sent to the Commission by NFA on May 22, 1990.

Respectfully submitted,



Daniel J. Roth
General Counsel

Enclosure

cc: Andrea M. Corcoran, Esq.
Lawrence B. Patent, Esq.

(LETTERS:Reg-1.63.AM:nm)

**LIST OF NFA RULES PURSUANT TO
CFTC REGULATION 1.63(d)**

CFTC Regulation 1.63(d) requires that NFA publish a list of its rules which, if violated, would not constitute a disciplinary offense as defined by CFTC Regulation 1.63(a)(4)(i). These rules include the following:

1. Articles of Incorporation

Articles I through XVIII.

2. Bylaws

Bylaws 101 through 201, 301(e) through (i), 302 through 512, 601 through 702, 705, 801 through 1001 and 1102 through 1507.

3. Compliance Rules

Rules 1-1, 2-1, 2-8(e) and (f), 2-10, 2-12, 2-14, 2-18, 2-29(e), (f) and (g), and 2-30(f).

4. Code of Arbitration

Sections 1 through 15.

5. Financial Requirements

Sections 1 through 7, 9 through 10 and Schedules A through E.

6. Registration Rules

Rules 101 through 204, 206 through 209, 210(c) and (d), 212 through 213, 301(a), (b), (d)(1), and (e), 302(a), (b), (d)(1) and (e), 401 through 702 and Appendix A.

(RULE:Reg-1.63.AM:nm)