

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 2 SECURITIES AND EXCHANGE COMMISSION File No.* SR - 2018 - * 01
 WASHINGTON, D.C. 20549
 Form 19b-7 Amendment No. (req. for Amendments *)

Proposed Rule Change by * National Futures Association
 Pursuant to Rule 19b-7 under the Securities Exchange Act of 1934

Initial * Amendment * Withdrawal

Exhibit 2 Sent As Paper Document Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

Proposed technical amendment to the NFA Interpretive Notice entitled, Compliance Rule 2-9: Special Supervisory Requirements for Members Registered as Broker-Dealers under Section 15(b)(11) of the Securities Exchange Act of 1934.

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * Michael Last Name * Crowley
 Title * Associate General Counsel
 E-mail * mcrowley@nfa.futures.org
 Telephone * (312) 781-1388 Fax

SRO Governing Body Action

Describe action on the proposed rule change taken by the members or board of directors or other governing body of the SRO (limit 250 characters, required *).

NFA's Board of Directors unanimously approved the proposed technical amendment on August 17, 2017.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 06/14/2018 President and CEO
 By Thomas W. Sexton III (Title *)
 (Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Thomas W Sexton III,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-7 instructions please refer to the EFFF website.

Exhibit 1- Notice of Proposed Rule Change (required when Initial)

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal.

The Notice section of this Form 19b-7 must comply with the guidelines for publication in the Federal Register, as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC and CFTC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases and Commodities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction E, they shall be filed in accordance with Instruction F.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. If such documents cannot be filed electronically in accordance with Instruction E, they shall be filed in accordance with Instruction F.

Exhibit Sent As Paper Document

Exhibit 4 - Proposed Rule Text

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The self-regulatory organization must attach as Exhibit 4 proposed changes to rule text. Exhibit 4 shall be considered part of the proposed rule change.

Exhibit 5 - Date of Effectiveness of Proposed Rule Change (required when Initial)

The self-regulatory organization must attach one of the following:

- CFTC Certification
- CFTC Request that Review of Proposed Rule Change is not Necessary
- Request for CFTC Approval of Proposed Rule Change
- CFTC Determination that Review of Proposed Rule Change is not Necessary
- Indication of CFTC Approval of Proposed Rule Change

CFTC Determination that Review of the Proposed Rule Change is Not Necessary: Attach a copy of any indication from the CFTC that it has determined that review of the proposed rule change is not necessary.

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Exhibit Sent As Paper Document

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission staff's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-NFA-2018-01)

SELF-REGULATORY ORGANIZATIONS; National Futures Association;
Notice of Filing and Immediate Effectiveness of Proposed Technical
Amendment to the Interpretive Notice to NFA Compliance Rule 2-9:
Special Supervisory Requirements for Members Registered as Broker-
Dealers under Section 15(b)(11) of the Securities Exchange Act of 1934.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Exchange Act”),¹ and Rule 19b-7 under the Exchange Act² notice is hereby given that on June 14, 2018, National Futures Association (“NFA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change described in Items I, II, and III below, which Items have been prepared by NFA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

On August 30, 2017, NFA also filed this proposed rule change with the Commodity Futures Trading Commission (“CFTC”) and requested that the CFTC make a determination that review of the proposed rule change of NFA is not necessary. By letter dated September 15, 2017, the CFTC notified NFA of its determination not to review the proposed rule change.³

¹ 15 U.S.C. 78s(b)(7).

² 17 CFR 240.19b-7.

³ See letter from Eileen T. Flaherty, Director, CFTC to Carol A. Wooding, General Counsel, NFA (“Letter”).

I. Self-Regulatory Organization's Description and Text of the Proposed Rule Change

The technical amendment to NFA's Interpretive Notice entitled "NFA Compliance Rule 2-9: Special Supervisory Requirements for Members Registered as Broker-Dealers" ("Interpretive Notice") references the Form 3-R. The amendment eliminates the reference to the Form 3-R. The text of the proposed technical amendment to the Interpretive Notice is found in Exhibit 4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

In its filing with the Commission, NFA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NFA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements:

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

1. Purpose

Section 15A(k) of the Exchange Act⁴ makes NFA a national securities association for the limited purpose of regulating the activities of NFA Members ("Members") who are registered as brokers or dealers in security futures products under Section 15(b)(11) of the Exchange Act.⁵

⁴ 15 U.S.C. 78o-3(k).

⁵ 15 U.S.C. 78o(b)(11).

NFA's Interpretive Notice applies to all Members who meet the criteria in the Interpretive Notice and could apply to Members registered under Section 15(b)(11) of the Exchange Act.

NFA's registration rules need to be amended to implement the CFTC's retiring of the Form 3-R, which had been used to report changes to registration information. The CFTC eliminated the Form 3-R recognizing that in the electronic era, changes are made directly to the registration information rather than via filing a Form 3-R.

In August 2012, the CFTC eliminated the requirement that registrants and individuals use CFTC Form 3-R to update and file changes to their registration information because the online Forms 7-R and 8-R can be updated directly in NFA's Online Registration System and automatically create a record of changes equivalent to a completed Form 3-R. This amendment removes the Form 3-R reference and replaces it with the direction to report updates and file changes to registration information by, ". . . an update to the Form 7-R."

Amendments to the Interpretive Notice were previously filed with the SEC in SR-NFA-2007-07, Exchange Act Release No. 34-57142 (Jan. 14, 2008).

2. Statutory Basis

The rule change is authorized by, and consistent with, Section 15A(k) of the Exchange Act.⁶ The proposed changes are nothing

⁶ 15 U.S.C. 78o-3(k).

more than technical amendments to remove a reference to the Form 3-R.

B. Self-Regulatory Organization's Statement on Burden on Competition

The proposed rule change will have little or no impact on competition. The proposed amendment to the Interpretive Notice does not impose new requirements on Members.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

NFA did not publish the rule change to the membership for comment. NFA did not receive comment letters concerning the rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The CFTC notified NFA of its determination not to review the proposed rule change.⁷ The proposed rule change became effective on September 15, 2017.

At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Exchange Act.⁸

⁷ See Letter, *Supra* note 3.

⁸ 15 U.S.C. 78s(b)(1).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Exchange Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form

(<http://www.sec.gov/rules/sro.shtml>); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NFA-2018-01 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NFA-2018-01. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the

Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of NFA. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make publicly available. All submissions should refer to File Number SR-NFA-2018-01 and should be submitted on or before ***[insert date 21 days from publication in the Federal Register.]***

For the Commission, by the Division of Trading and Markets,
pursuant to delegated authority.⁹

Secretary

⁹ 17 CFR 200.30-3(a)(73).

File No. SR-NFA-2018-01

Exhibit 2

(Not applicable)

Exhibit 3

(Not applicable)

Exhibit 4

INTERPRETIVE NOTICE

* * *

9042 - COMPLIANCE RULE 2-9: SPECIAL SUPERVISORY REQUIREMENTS FOR MEMBERS REGISTERED AS BROKER-DEALERS UNDER SECTION 15(b)(11) OF THE SECURITIES EXCHANGE ACT OF 1934

* * *

USE AND DISCLOSURE OF THE MEMBER'S NAME

Members must have supervisory procedures reasonably designed to ensure that the public understands who they are doing business with. It is conduct inconsistent with just and equitable principles of trade, and therefore a violation of NFA Compliance Rule 2-4, for Members and Associates to use misleading names or to fail to disclose their affiliation when dealing with the public. Similarly, Members and their Associates may not refer to another entity or individual in any manner that implies an affiliation that does not exist. Furthermore, CFTC Regulation 166.4 requires branch offices to use the name of the firm for all purposes and to hold itself out to the public under that name, and Appendix A to Part 3 of the CFTC's rules states that a person's registration can be denied, revoked, or conditioned under Section 8a(3)(M) of the Commodity Exchange Act if the person uses a misleading name. Members are, however, allowed to use non-misleading "doing business as" names if those names are reported to NFA on Form 7-R or [Form 3-R] an update to Form 7-R.

* * *

Exhibit 5

- (a) August 30, 2017 letter from Carol A. Wooding to Christopher J. Kirkpatrick.
- (b) September 15, 2017 letter from Eileen T. Flaherty to Carol A. Wooding.



August 30, 2017

Via Federal Express

Mr. Christopher J. Kirkpatrick
 Secretary
 Office of the Secretariat
 Commodity Futures Trading Commission
 Three Lafayette Centre
 1155 21st Street, N.W.
 Washington, DC 20581

Re: National Futures Association: Proposed Technical Amendments to NFA Bylaw 301, Certain Registration Rules and Interpretive Notice *Compliance Rule 2-9: Special Supervisory Requirements for Members Registered as Broker-Dealers under Section 15(b)(11) of the Securities Exchange Act of 1934*

Dear Mr. Kirkpatrick:

Pursuant to Section 17(j) of the Commodity Exchange Act ("CEA"), as amended, National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("CFTC" or "Commission") the proposed amendments to NFA Bylaw 301, NFA Registration Rules, and NFA Interpretive Notice entitled *Compliance Rule 2-9: Special Supervisory Requirements for Members Registered as Broker-Dealers under Section 15(b)(11) of the Securities Exchange Act of 1934*. NFA's Board of Directors ("Board") unanimously approved the proposals on August 17, 2017.

NFA is invoking the "ten-day" provision of Section 17(j) of the CEA and plans to 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~~)

BYLAWS OF NATIONAL FUTURES ASSOCIATION

* * *



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CHAPTER 3

MEMBERSHIP AND ASSOCIATION WITH A MEMBER

* * *

BYLAW 301. REQUIREMENTS AND RESTRICTIONS.

* * *

(f) Application.

* * *

(ii) The electronic filing of an application or verification of the information contained in the application shall constitute:

(A) a ~~representation~~ certification that the information supplied in the application is complete and accurate;

(B) a ~~representation~~ certification that the applicant or Member has authorized the person filing the application to make such filing and all ~~representations~~ certifications and agreements required by this paragraph; and

(C) an express agreement by the applicant that, ~~if whenever~~ admitted to NFA membership or registered as an Associate, the applicant and its employees shall become and remain bound by all NFA requirements, including without limitation all applicable NFA Bylaws, Compliance Rules, Financial Requirements, Registration Rules, Code of Arbitration and Member Arbitration Rules, as ~~are~~ then and thereafter in effect and that such agreement shall apply each time the applicant becomes a Member or Associate.

* * *

(j) Eligibility to Conduct Forex Activities.

* * *



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(v) Any individual applying for designation as an approved Forex Dealer Member or approval as a forex firm or forex associated person shall not be granted designation as an approved Forex Dealer Member or approval as a forex firm or forex associated person unless:

(A) The applicant has satisfied the proficiency requirements under NFA Registration Rule 401(a) or 401(e) and:

* * *

(2) NFA has received satisfactory evidence that the applicant has taken and passed the Retail Off-Exchange Forex Examination (Series 34) and since the date the applicant last passed such examination, there has been no period of two consecutive years during which the applicant has not been either registered as a FB, or AP or ~~principal~~ of an FCM, RFED, IB, CTA, CPO or LTM that is a Member of NFA; or

(3) the applicant was duly registered under the Act as a FB, AP or sole proprietor FCM, RFED, IB, CTA, CPO or LTM since May 22, 2008, and there has been no period of two consecutive years since May 22, 2008, during which the applicant has not been registered as a FB, or AP or ~~principal~~ of an FCM, RFED, IB, CTA, CPO or LTM that is a Member of NFA.

* * *

Registration Rules

Part 100. Definitions.

Rule 101. Definitions.

As used in these Registration Rules:

* * *

(c) "**Applicant**"-means a person seeking registration under the Act as an FCM, RFED, IB, CPO, CTA or LTM; an associated person of any of the foregoing; SD; MSP; a floor trader firm ("FTF"); or floor broker ("FB") or floor trader ("FT") who is an individual.



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* * *

(j) **"Form 7-R"**-means the entire Form 7-R or any portions of the Form 7-R that NFA requires an applicant to file to obtain registration as an FCM, RFED, SD, MSP, IB, CPO, CTA, FTF or LTM.

(k) **"Form 8-R"**-means the entire Form 8-R or any portions of the Form 8-R that NFA requires to be filed for an individual to obtain registration as an AP, FB or FT or because an individual is a principal of an applicant or registrant or is a Floor Trader Order Enterer.

(l) ~~**"Form 3-R"** means the entire Form 3-R or any portions of the Form 3-R that NFA requires to be filed to correct any inaccuracy or deficiency in an applicant's or registrant's registration information. Reserved.~~

(m) **"Form 7-W"**-means the entire Form 7-W or any portions of the Form 7-W that NFA requires a registrant to file to withdraw from registration or to withdraw an application for registration as an FCM, RFED, SD, MSP, IB, CPO, CTA, FTF or LTM.

* * *

(u) **"Registrant"**-means a person registered under the Act as an FCM, RFED, IB, CPO, CTA, LTM, an AP of any of the foregoing, SD, MSP, FTF, FB or FT.

* * *

(x) **"Sponsor"**-means the applicant or registrant FCM, RFED, SD, MSP, IB, CPO, CTA, FTF or LTM that files a Form 8-R for an individual associated with it to become registered as an AP, ~~or~~ for an individual principal or for an FTOE.

* * *

(aa) **"Floor Trader Firm" or "FTF"**-means an applicant that files or registrant that filed a Form 7-R to apply for registration as a floor trader.

(bb) **"Floor Trader Order Enterer" or "FTOE"**-means an individual responsible for entry of orders from an FTF's own account.



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Part 200. Registration Requirements and Procedures

RULE 201. REGISTRATION REQUIREMENTS AND PROCEDURES.

Except as otherwise provided in the Rules, NFA shall perform registration functions in accordance with the provisions set forth in these Rules for all persons, except Swap Dealers ("SD"); and Major Swap Participants ("MSP"), ~~Floor Trader Firms ("FTF")~~ and principals of SDs; and MSPs and FTFs for whom it has been granted registration responsibilities pursuant to Section 8a(10) or Section 17(o) of the Act. Except as provided below, NFA shall perform registration functions with respect to SDs; and MSPs, FTFs and principals of SDs; and MSPs and FTFs in accordance with all of the Regulations governing the registration contained in Part 3 of the Commission's Regulations. ~~Rule 203 of these Rules shall govern the registration fees for SDs, MSPs, FTFs and principals of SDs, MSPs and FTFs. Part 500 of these Rules shall govern adverse registration proceedings involving SDs, MSPs, FTFs and principals of SDs, MSPs and FTFs. Part 700 of these Rules shall govern access to and certification of registration records maintained by NFA regarding ATMs, principals of ATMs, ATM APs, SDs, MSPs, FTFs and principals of SDs, MSPs and FTFs. Part 800 shall govern the electronic filing of registration forms by SDs, MSPs, FTFs and principals of SDs, MSPs and FTFs.~~

* * *

RULE 203. REGISTRATION FEES.

(a) **Amount.** The following fees shall apply:

* * *

(7) **Floor Trader:** \$85 for each Form 8-R filed for registration by an individual as a FT and \$200 for each Form 7-R filed by an FTF firm ~~for registration as a FT.~~

* * *

(9) **Annual Registration Records Maintenance Fee:** \$100 for each registration category as an FCM, RFED, SD, MSP, FTF, IB, CPO, CTA or LTM.

* * *



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(12) **Late Disciplinary History Disclosure Fee:** \$1,000 for non-disclosure of disciplinary history matters on a Form 7-R ~~or a Form 3-R~~ in accordance with Registration Rule 210(c)(1) and \$1,000 for non-disclosure of disciplinary history matters on a Form 8-R ~~or a Form 3-R~~ in accordance with Registration Rule 210(c)(2) and (3).

* * *

RULE 204. REGISTRATION OF FUTURES COMMISSION MERCHANTS, NOTICE FUTURES COMMISSION MERCHANTS, RETAIL FOREIGN EXCHANGE DEALERS, FLOOR TRADER FIRMS, INTRODUCING BROKERS, NOTICE INTRODUCING BROKERS, COMMODITY POOL OPERATORS, COMMODITY TRADING ADVISORS AND LEVERAGE TRANSACTION MERCHANTS AND CONFIRMATION OF EXEMPTION FROM REGISTRATION PURSUANT TO COMMISSION REGULATION 30.5.

* * *

(a) Application for Registration or Exemption from Registration.

(1)(A) Each person applying for registration as an FCM, RFED, FTF, SD, MSP, IB, CPO, CTA or LTM must:

- (i) file a Form 7-R, completed and filed in accordance with all pertinent instructions;
- (ii) pay the fee required by Rule 203(a); and
- (iii) file an Acknowledgement of Conditioned Registration executed by the sponsor if the applicant is subject to a Commission or NFA order imposing conditions on its registration.

* * *

(F) Each application for registration as an FTF also must be completed in accordance with CFTC Regulation 3.11(a).

(G) Each application for registration as an SD or MSP also must be completed in accordance with CFTC Regulation 3.10(a)(v).



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(2)(A) Each applicant for registration as an FCM, RFED, FTF, SD, MSP, IB, CPO, CTA or LTM must have at least one individual principal affiliated with it and for each of its individual principals must:

- (i) file a Form 8-R completed and filed in accordance with all pertinent instructions;
- (ii) pay the fee required by Rule 203(a); and
- (iii) file the fingerprints of each individual principal on a fingerprint card provided by NFA for that purpose, unless the principal qualifies for an exemption from the fingerprinting requirement pursuant to Rule 209.

* * *

(C) The provisions of paragraphs (a)(2)(A)(ii) ~~and (iii)~~ and (a)(2)(B) do not apply to an individual principal who has a eCurrent aActive sStatus at the time the applicant files the individual principal's Form 8-R.

* * *

(4)(A) A broker or dealer that is registered with the Securities and Exchange Commission ("SEC") shall be registered as an FCM or IB upon the filing of a written Notice Form 7-R, completed and filed with NFA in accordance with all pertinent instructions, if: the broker or dealer limits its solicitation of orders, acceptance of orders, or execution of orders, or placing of orders on behalf of others involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market ~~or registered derivatives transaction facility~~, to security futures products as defined in Section 1a(45) of the Act; the registration of the broker or dealer is not suspended pursuant to an order of the SEC; and the broker or dealer is a member of a national securities association registered pursuant to Section 15A of the Securities Exchange Act of 1934 and that membership is not suspended.

* * *

(c) Duration of Registration

(1) A person who becomes registered as an FCM, RFED, SD, MSP, IB, CPO, CTA or LTM in accordance with this Rule shall continue to be so registered until the effective date of any revocation or withdrawal of such registration. Such person is



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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 a registrant during the pendency of any suspension of such registration.

* * *

(3) A person who becomes registered as an FTF in accordance with this section, and whose registration has neither been revoked nor withdrawn, will continue to be so registered unless such person's trading privileges on all contract markets or SEFs have ceased: Provided, that if an FTF whose trading privileges on all contract markets or SEFs have ceased for reasons unrelated to any Commission action or any contract market or SEF disciplinary proceeding and whose registration is not revoked, suspended or withdrawn is granted trading privileges as an FTF by any contract market or SEF where the FTF held such privileges within the preceding sixty days, such registration as an FTF shall be deemed to continue and no new application or update need be filed solely on the basis of the resumption of trading privileges. An FTF is 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 such registration or of all such trading privileges. In accordance with Commission Regulation 3.31(d), each contract market or SEF that has granted trading privileges to a person who is registered, or has applied for registration, as an FTF, must notify NFA within 60 days after such person's trading privileges on such contract market or SEF have ceased.

(d) Annual Filing and Registration Records Maintenance Fees.

(1) On an annual basis, NFA shall send a notice to each registered FCM, RFED, FTF, SD, MSP, IB, CPO, CTA and LTM ~~registered in accordance with paragraph (a)(1) of this Rule~~ advising each that it must electronically file an Annual Registration Update by a specified date. NFA shall also send an invoice to each registered FCM, RFED, FTF, SD, MSP, IB, CPO, CTA and LTM ~~registered in accordance with paragraph (a)(1) of this Rule~~ or confirmed as exempt from registration in accordance with paragraph (a)(5) of this Rule or pursuant to CFTC Regulation 30.10 requesting payment of the annual registration records maintenance fee set forth in Rule 203(a) and any other outstanding registration fees. NFA shall deem the failure to file the Annual Registration Update or to pay the required annual registration records maintenance fee and any other outstanding registration fees within 30 days following the specified date a request to withdraw from registration or to withdraw the



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confirmation of the exemption pursuant to CFTC Regulation 30.5 or CFTC Regulation 30.10, and shall notify the registrant or IB, CPO or CTA confirmed as exempt from registration pursuant to CFTC Regulation 30.5 or CFTC Regulation 30.10 accordingly.

(2) Each registered FCM, RFED, FTF, SD, MSP, IB, CPO, CTA and LTM ~~registered in accordance with paragraph (a)(1) of this Rule~~ or confirmed as exempt from registration in accordance with paragraph (a)(5) of this Rule or pursuant to CFTC Regulation 30.10 whose registration or confirmation of exemption is withdrawn pursuant to this Rule may request, within 60 days of the withdrawal date, to have its registration or confirmation of exemption reinstated. Reinstatement requests received between 30 and 60 days from the withdrawal date are subject to the Reinstatement Fee as set forth in Rule 203(a). Provided that NFA receives all fees, including the required reinstatement fee and the annual registration records maintenance fee as set forth in Rule 203(a), and any other outstanding registration fees within 60 days of the withdrawal date, NFA shall reinstate the registration or confirmation of exemption. If the withdrawal was due in whole or in part to the failure to file the Annual Registration Update, the registration will be reinstated but will be subject to a deemed request to withdraw such registration. The failure to file the Annual Registration Update within 30 days following the reinstatement date shall result in the withdrawal of registration. Only one request for reinstatement may be made annually.

RULE 205. REGISTRATION OF FLOOR BROKERS AND FLOOR TRADERS.

(a) Application for Registration.

(1) (A) Each individual applying for registration as a FB or FT must:

(i) file a Form 8-R, completed and filed in accordance with all pertinent instructions;

(ii) pay the registration fee required by Rule 203(a);

(iii) file the fingerprints of the applicant on a fingerprint card provided by NFA for that purpose, unless the applicant qualifies for an exemption from the fingerprinting requirement pursuant to Rule 209; and



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(iv) file an Acknowledgement of Conditioned Registration executed by the sponsor if the applicant is subject to a Commission or NFA order imposing conditions on the applicant's registration.

(B) The provisions of paragraphs (a)(1)(A)(ii) ~~and (iii)~~ shall not apply to any applicant for registration as a FB or FT who has a current active status at the time the Form 8-R is filed.

(2) When NFA determines that an applicant for registration as an FB or FT appears fit for registration and receives satisfactory evidence that a board of trade designated as a contract market or a SEF registered by the Commission has granted the applicant trading privileges, NFA will provide notification to the applicant and to each contract market or SEF that has granted the applicant trading privileges that the applicant's registration as an FB or FT is granted.

(b) **Withdrawal of Application.** Failure of an applicant to respond to a written or electronic request by NFA for clarification of application information, to submit or resubmit fingerprints in accordance with such request, or to pay the required registration fee pursuant to Rule 203(a) shall be deemed to constitute a withdrawal of the applicant's Form 8-R and shall result in the immediate termination of the applicant's temporary license, and NFA shall notify the applicant accordingly and each contract market or SEF that has granted the applicant trading privileges.

(c) **Duration of Registration.** A person registered as a FB or FT in accordance with this section, and whose registration has neither been revoked nor withdrawn, will continue to be so registered unless such person's trading privileges on all contract markets or SEFs have ceased: Provided, that if a FB or FT whose trading privileges on all contract markets or SEFs have ceased for reasons unrelated to any Commission action or any contract market or SEF disciplinary proceeding and whose registration is not revoked, suspended or withdrawn is granted trading privileges as a FB or FT, respectively, by any contract market or SEF where he held such privileges within the preceding sixty days, such registration as a FB or FT, respectively, shall be deemed to continue and no new application or update need be filed solely on the basis of the resumption of trading privileges. A FB or FT is 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 such registration or of all such trading privileges. In accordance with Commission Regulation 3.31(d), each contract market or SEF that has granted trading privileges to a person who is registered, or has applied for registration, as a FB or FT, must notify NFA within



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60 days after such person's trading privileges on such contract market or SEF have ceased.

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

(a) Application for Registration.

(1) (A) Except as provided in Rule 207, the sponsor of each individual applying for registration as an AP of that sponsor must:

(i) file a Form 8-R on behalf of the applicant, completed and filed in accordance with all pertinent instructions;

(ii) pay the registration fee required by Rule 203(a); and

(iii) file the fingerprints of the applicant on a fingerprint card provided by NFA for that purpose, unless the applicant qualifies for an exemption from the fingerprinting requirement pursuant to Rule 209.

(B) The applicant must verify the completeness and accuracy of information contained in the application that the sponsor files on his behalf.

(2) The provisions of paragraphs (a)(1)(A) (ii) ~~and (iii)~~ and (a)(1)(B) of this Rule shall not apply to an applicant who has a eCurrent aActive sStatus at the time the sponsor files his Form 8-R.

* * *

RULE 208. REPORTING OF PRINCIPALS.

(a) Unless otherwise provided in this Rule:

(1) an applicant for registration as an FCM, RFED, FTE, SD, MSP, IB, CPO, CTA or LTM must comply with the provisions of Rule 204(a)(2) for each individual who is a principal of the applicant at the time the applicant files its application for registration; and



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(2) within 20 days after any person becomes a principal of an applicant or registrant subsequent to the filing of Form 7-R in accordance with Rule 204 ("new principal"), the applicant or registrant must:

(A) if the new principal is an entity, ~~file a Form 3-R~~ update the Form 7-R to add the new principal; or

(B) if the new principal is an individual, comply with the provisions of Rule 204(a)(2) for each new principal.

(b) After a registrant updates its Form 7-R or ~~files a Form 3-R~~ or a Form 8-R in accordance with paragraph (a) of this Rule, NFA may notify the registrant that the new principal may be disqualified from registration under Sections 8a(2) through 8a(4) of the Act and that the registrant shall be suspended at such time as NFA issues a notice pursuant to Rule 504 that the registrant is disqualified from registration pursuant to Section 8a(2)(H) or Section 8a(3)(N) and Section 8a(4) of the Act and that its registration may be revoked thereunder. The registrant shall remain suspended pending: (1) a determination by the Membership Committee or its designated Subcommittee that the new principal appears fit to act as a principal of the registrant; or (2) the issuance by the Membership Committee of a Withdrawal of Notice of Intent. However, in no event shall the registrant be suspended pursuant to the provisions of this paragraph for a period exceeding six months.

(c) If the registrant updates its Form 7-R or ~~files a Form 3-R~~ or a Form 8-R for a new principal prior to the new principal becoming affiliated with the registrant in the capacity which requires the listing of such new principal, then any notice issued by NFA pursuant to the provisions of paragraph (b) of this Rule shall not operate to suspend the registrant's registration. The new principal may not become so affiliated with the registrant until: (1) NFA provides notice to the registrant that the new principal appears fit to act as a principal of the registrant; or (2) the Membership Committee or its designated Subcommittee determines that the new principal appears fit to act as a principal of the registrant.

RULE 209. ALTERNATIVE TO THE FINGERPRINT FILING REQUIREMENT IN CERTAIN CASES.

(a) Any individual who is required by these Rules to submit a fingerprint card is exempt from that requirement if NFA has received a report, record or notation from the Federal Bureau of Investigation within 90 days preceding the date the individual's Form 8-R is



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filed with NFA or if the individual has a Current Active Status on the date the Form 8-R is filed.

(b) Reserved.

~~(c) In lieu of submitting a fingerprint card in accordance with the provisions of Rules 204(a)(2) and 208, Any FCM, RFED, SD, MSP, IB, CTA, CPO, FTF or LTM, in lieu of submitting a fingerprint card for that has a principal who is a director but is not also an officer or employee of the firm ("outside director"), may file with NFA a Notice Pursuant to CFTC Regulation 3.21(c). A firm that has filed a Notice Pursuant to CFTC Regulation 3.21(c) with respect to an outside director described therein must file with NFA on behalf of such outside director a Form 8-R completed in accordance with all pertinent instructions and verified by the outside director. The exemption provided for by this paragraph is limited solely to the outside director's fingerprint requirement and does not affect any other duties or responsibilities of the firm or the outside directors under these Rules. In appropriate cases, NFA may require additional information from the firm with respect to any outside director referred to in the Notice Pursuant to CFTC Regulation 3.21(c).~~

(d) Any sponsor that is registered as a Broker/Dealer that files a Form 8-R on behalf of an AP applicant or a principal may, in lieu of submitting a fingerprint card for the applicant or principal, represent in the Form 8-R that, within the last 90 days, an application for registration as a General Securities Representative has been filed on behalf of the applicant with the Financial Industry Regulatory Authority and that a fingerprint card containing the applicant's or principal's fingerprints accompanied the application.

(e) Any FCM, RFED, SD, MSP, IB, CTA, CPO, FTF or LTM, in lieu of submitting a fingerprint card for a principal, an associated person or an FTOE who is a natural person who has not resided in the United States since reaching the age of 18 years (foreign natural person) or any FB or FT who is foreign natural person, may certify that:

(1) such certifying FCM, RFED, SD, MSP, IB, CTA, CPO, FTF, LTM, FB or FT has caused a criminal history background check of such foreign natural person to be performed; and

(2) the criminal history background check:



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(A) was of a type that would reveal all matters listed under Sections 8a(2)(D) or 8a(3)(D), (E) or (H) of the Act relating to such foreign natural person;

(B) Did not reveal any matters that constitute a disqualification under Sections 8a(2) or 8a(3) of the Act, other than those disclosed to NFA; and

(C) was completed not more than one calendar year prior to the date of certification described in paragraphs (e)(1) and (2) of this Rule.

RULE 210. DEFICIENCIES, INACCURACIES AND CHANGES TO APPLICATION INFORMATION MUST BE REPORTED.

(a) Each applicant or registrant as an FCM, RFED, SD, MSP, IB, CPO, CTA, FTE or LTM, ~~FB or FT~~ must promptly correct any deficiency or inaccuracy in a Form 7-R ~~or Form 8-R~~ which no longer renders accurate the information contained therein. Each such correction must be made ~~on a Form 3-R~~ by updating the Form 7-R and must be completed and filed in accordance with all pertinent instructions. Except when changing to or from a sole proprietorship, an applicant or registrant may ~~file a Form 3-R~~ update its Form 7-R for purposes of reporting a change in its form of organization. If an applicant or registrant updates its Form 7-R a Form 3-R is filed to report a change in the applicant's or registrant's form of organization, the newly formed organization will be liable for all obligations of the pre-existing organization which arose out of the Act or the Regulations thereunder. A registrant or applicant that is changing form of organization to or from a sole proprietorship must file a Form 7-R for the newly formed organization and a Form 7-W for the pre-existing organization.

(b) Each applicant or registrant as an AP, FB or FT and each principal of an applicant or registrant must promptly correct any deficiency or inaccuracy in the Form 8-R which no longer renders current and accurate the information contained therein. Each AP applicant or registrant and each principal must promptly notify his sponsor of any deficiency or inaccuracy and the information necessary to correct it. Each applicant or registrant must promptly correct any deficiency or inaccuracy in its APs' or principals' registration information of which it is or should be aware. Each such correction must be made ~~on a Form 3-R, completed and filed~~ by updating the Form 8-R in accordance with all pertinent instructions.

(c)(1) Each applicant or registrant as an FCM, RFED, FTE, SD, MSP, IB, CPO, CTA, or LTM ~~or FT~~ shall pay the fee specified in Rule 203(a)(12) for non-disclosure of



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disciplinary matters on such applicant's Form 7-R and for such registrant's failure to update the Form 7-R ~~file a Form 3-R~~ to disclose disciplinary matters.

(2) The sponsor of each AP applicant or principal shall pay the fee specified in Rule 203(a)(12) for non-disclosure of disciplinary matters on such AP applicant's or principal's verified Form 8-R and for such sponsor's failure to update the Form 8-R ~~file a Form 3-R~~ to disclose disciplinary matters related to such AP ~~registrant~~ or principal.

(3) Each applicant as an FB or FT shall pay the fee specified in Rule 203(a)(12) for non-disclosure of disciplinary matters on such applicant's Form 8-R and for such registrant's failure to ~~file a~~ update the Form 8-R ~~file a Form 3-R~~ to disclose disciplinary matters.

* * *

RULE 212. REGISTRATION IN ONE CAPACITY DOES NOT INCLUDE REGISTRATION IN ANY OTHER CAPACITY.

(a) Except as may be otherwise provided in the Act or in any Rule, Regulation or order of the Commission, each AP, FB, FT, FCM, RFED, FTE, SD, MSP, IB, CPO, CTA and LTM must register as such under the Act. Registration in one capacity under the Act shall not include registration in any other capacity.

* * *

Part 300. Temporary Licenses

RULE 301. TEMPORARY LICENSING OF ASSOCIATED PERSONS.

* * *

(d) Termination of a TL.

(1) A TL shall terminate:

* * *

(E) upon notice to the applicant's sponsor that:



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(i) the applicant failed to comply with an award in an arbitration proceeding conducted pursuant to CFTC Rule 166.5 within the time permitted for such compliance as specified in Section 10(g) of NFA's Code of Arbitration or the comparable time period specified in the rules of a contract market, SEF or other appropriate arbitration forum;

* * *

RULE 302. TEMPORARY LICENSING FOR GUARANTEED INTRODUCING BROKERS.

(a) Qualifications. Notwithstanding any other provisions of these Rules, and pursuant to the terms and conditions of this Rule, NFA may grant a TL to any applicant for registration as an IB. To be eligible for a TL:

(1) the IB must file with NFA:

(A) A Form 7-R completed and filed in accordance with all pertinent instructions;

(B) For each individual principal:

(i) a Form 8-R completed and filed in accordance with all pertinent instructions;

(ii) Legible fingerprints of the applicant, if a sole proprietor, and of each individual principal of the applicant on a fingerprint card provided by NFA for that purpose, unless the sole proprietor or principal ~~has a current active status~~ qualifies for an exemption from the fingerprinting requirement pursuant to Rule 209;

* * *

(d) Termination of a Temporary License.

(1) A TL shall terminate:

* * *



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(F) upon notice to the applicant and its guarantor FCM or RFED that:

(i) the applicant failed to comply with an award in an arbitration proceeding conducted pursuant to CFTC Rule 166.5 within the time permitted for such compliance as specified in Section 10(g) of NFA's Code of Arbitration or the comparable time period specified in the rules of a contract market, SEF or other appropriate arbitration forum;

* * *

RULE 303. TEMPORARY LICENSING FOR FLOOR BROKERS AND FLOOR TRADERS

(a) Qualifications. Notwithstanding any other provision of these Rules, and pursuant to the terms and conditions of this Rule, NFA may grant a TL to any applicant for registration as a FB or FT upon the filing with or receipt by NFA of:

* * *

(5) ~~receipt by NFA~~ of satisfactory evidence that the applicant has been granted trading privileges by a contract market or SEF that has filed with NFA a certification signed by its chief operating officer with respect to the review of an applicant's employment, credit and other history in connection with the granting of trading privileges.

* * *

(d) Termination of a Temporary License.

(1) A TL shall terminate:

* * *

(E) immediately upon loss of trading privileges on all contract markets or SEFs that filed the certification described in Commission Regulation 3.40(a)(2)(iv) that granted such privileges;

(F) upon notice to the applicant or the contract market or SEF that has granted the applicant trading privileges that:



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(i) the applicant has failed to comply with an award in an arbitration proceeding conducted pursuant to Commission Rule 166.5 within the time permitted for such compliance as specified in Section 10(g) of NFA's Code of Arbitration or the comparable time period specified in the rules of a contract market, SEF or other appropriate arbitration forum;

(ii) the applicant failed to pay the full amount of a reparations order within the time permitted under Section 14(f) of the Act;

(iii) the applicant failed to comply with an order to pay a civil monetary penalty, restitution or disgorgement within the time permitted under Sections 6(e), 6b or 6c(d) of the Act;

* * *

Part 400. Proficiency Requirements

RULE 401. QUALIFICATION TESTING REQUIREMENT.

(a) Except as provided elsewhere in this Rule, any individual applying to become a Member of NFA as an FCM, an RFED, an IB, a CPO, a CTA, an LTM, or for registration under the Act as an AP of any of the foregoing, or applying for registration with NFA as an Associate pursuant to NFA Bylaw 301(b) shall not be granted NFA membership, registered under the Act as an AP, or registered as an Associate Member of NFA unless:

* * *

(2) NFA has received satisfactory evidence that the applicant has taken and passed the National Commodity Futures Examination (Series 3) and since the date the applicant last passed such examination, there has been no period of two consecutive years during which the applicant has not been either registered as a FB, or AP or principal of an FCM, RFED, IB, CTA, CPO or LTM that is a Member of NFA.

* * *

(c) Notwithstanding the provisions of Rule 401(a), a person applying to be registered as an AP will satisfy the proficiency requirements of this Rule if:



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* * *

(2) NFA has received satisfactory evidence that the applicant has taken and passed the Futures Managed Fund Examination (Series 31) and since the date the applicant last passed such examination, there has been no period of two consecutive years during which the applicant has not been either registered as an FB, or AP or ~~principal of an FCM, IB, CTA, CPO or LTM~~ that is a Member of NFA; and

* * *

(d) ~~Reserved. Notwithstanding the provisions of Rule 401(a), a person applying to be registered as an AP will satisfy the proficiency requirements of this Rule if:~~

~~(1) NFA has received satisfactory evidence that the applicant has taken and passed the Financial Instruments Examination (Series 33) and since the date the applicant last passed such examination, there has been no period of two consecutive years during which the applicant has not been either registered as an AP or a principal of an FCM, IB, CTA, CPO or LTM; and~~

~~(2) the applicant currently is registered with the Financial Industry Regulatory Authority, as a GSR of the sponsor; and~~

~~(3) the applicant's sole activities, subject to regulation by the Commission, are and will continue to be limited to the solicitation or acceptance on behalf of the sponsor of customer orders for futures or options involving stock index, currency or interest rate products, or security futures products or the supervision on behalf of the sponsor of persons whose activities are so limited.~~

* * *

(f) Notwithstanding the provisions of Rule 401(a), any individual applying to become a Member of NFA as an FCM, an RFED, an IB, a CPO, a CTA, an LTM, or for registration under the Act as an AP of any of the foregoing, or applying for registration with NFA as an Associate pursuant to NFA Bylaw 301(b), will satisfy the proficiency requirements of this Rule if:

* * *



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(4) NFA has received satisfactory evidence that the applicant has taken and passed the Limited Futures Examination-Regulation (Series 32) and since the date the applicant last passed such examination, there has been no period of two consecutive years during which the applicant has not been either registered as a FB, or AP or a principal of an FCM, RFED, IB, CTA, CPO or LTM that is a Member of NFA.

(g) The applicant's sponsor must supervise the applicant's compliance with the limitations on the applicant's activities set forth in paragraphs (b)-~~(de)~~ of this Rule. Any failure of the applicant to adhere to such limitations may be cause for, among other things, disciplinary action by NFA against the sponsor for violation of NFA Compliance Rule 2-9. The limitations set forth in paragraphs (b)-~~(de)~~ of this Rule shall remain in effect until the applicant or the applicant's sponsor submits to NFA satisfactory evidence of having taken and passed the National Commodity Futures Examination (Series 3).

(h) An individual may contemporaneously engage in any activity permitted pursuant to the provisions of paragraphs (b)(2), (c)(4) and ~~(d)(3)~~ (e) provided that the individual meets the other pertinent requirements of paragraphs (b)-~~(de)~~.

* * *

Part 500. Proceedings to Deny, Condition, Suspend and Revoke Registration

RULE 501. AUTHORITY TO DENY, CONDITION, SUSPEND AND REVOKE REGISTRATION.

NFA may refuse to register or register conditionally any person registered or applying for registration as an FCM, RFED, IB, CPO, CTA, LTM, as an AP of any of the foregoing, as an SD or MSP, as an FTF or as a floor broker or floor trader, or suspend or revoke the registration of any registrant in those categories, based upon the standards of fitness set forth in the Act. Interim Orders and Final Orders denying, revoking, conditioning, or suspending registration shall be made by the Membership Committee or a designated Subcommittee in accordance with the procedures set forth in Part 500 of these Rules. Such designated Subcommittee shall consist of one member of the Membership Committee and two members of NFA's Hearing Committee for all categories except floor brokers and floor traders and SDs or MSPs. The designated Subcommittee for floor brokers/floor traders shall consist of three persons, one of whom is a member of the Membership Committee, one of whom is a member of NFA's Hearing Committee and one of whom is a registered floor broker or floor trader



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approved by NFA's Board of Directors to be a member of such Subcommittee. The designated Subcommittee for SDs or MSPs shall consist of one member of the Membership Committee and two members of NFA's Hearing Committee, one of whom is an employee of an SD or MSP Member of NFA. The member of the Membership Committee sitting on each designated Subcommittee shall serve as the Chairman of the designated Subcommittee. At least one of the members on each designated Subcommittee shall not be an NFA Member or an Associate or an employee of an NFA Member. In cases submitted by the President to the Membership Committee or a designated Subcommittee, registration shall not be granted pending a final determination by the Membership Committee or a designated Subcommittee. No member of the Membership Committee or a designated Subcommittee shall either review a registration matter or participate in a registration action 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 or is disqualified under Bylaw 708(c).

RULE 502. GENERAL PROVISIONS.

* * *

(b) A copy of any notice served in accordance with paragraph (a)(1) of this Rule shall also be served upon:

* * *

(4) any contract market or SEF that has granted or is reviewing an application for trading privileges if the applicant or registrant is an individual registered as or applying for registration as a floor broker or floor trader FTF, FB or FT.

* * *

Part 600. Withdrawal from Registration

RULE 601. WITHDRAWAL FROM REGISTRATION.

(a) An FCM, RFED, SD, MSP, FTF, IB, CTA, CPO, LTM, FB or FT may request that its registration be withdrawn in accordance with the requirements of this Rule if:

* * *



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(b) An FCM, RFED, FTF, SD, MSP, IB, CPO, CTA, or LTM requesting withdrawal from registration under this Rule must file a Form 7-W completed and filed with NFA in accordance with all pertinent instructions. A FB or FT requesting withdrawal from registration under this Rule must file a Form 8-W completed and filed with NFA in accordance with all pertinent instructions. In addition, any FB or FT requesting withdrawal from registration must file a copy of his Form 8-W with each contract market or DTF SEF that has granted him trading privileges and any FTF requesting withdrawal must file a copy of its Form 7-W with each contract market or SEF that has granted it trading privileges.

* * *

Part 700. Procedures Governing Access to and Certification of Registration Records Maintained by NFA

RULE 701. DISCLOSURE OF INFORMATION FROM REGISTRATION RECORDS MAINTAINED BY NFA.

(a) Definitions.

(1) Registration Records. For purposes of Rules 701 and 702, the term registration records shall be defined to include only the following types of records which are in the custody of or maintained by NFA because such records were transferred from the Commission to NFA or because such records have been received, generated, or compiled by NFA in performance of registration functions which NFA is authorized or required by the Commission to perform pursuant to Sections 8a(10) or 17(o) of the Act:

(A) any application forms required to be filed to obtain registration, including any Form 8-R with respect to FTOEs or with respect to principals of an applicant or registrant, any schedules or supplements related to such forms, any fingerprint cards, any financial reports, statements and agreements required to be filed in connection with initial applications for registration;

* * *

(c) Disclosure of Non-Public Information. Requests for access to registration records, or portions thereof, not subject to disclosure as public or publicly available



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under paragraph (b)(1) of this Rule shall be referred or transmitted to the Commission for response; except that, NFA will disclose such records or portion thereof:

* * *

(3) to boards of trade designated as contract markets or registered as SEFs or to any other futures associations registered with the Commission to assist those organizations in carrying out their responsibilities under the Act, or to national securities exchanges or national securities associations registered with the SEC to assist those organizations in carrying out their responsibilities under the Securities Exchange Act of 1934: Provided, however, that if a request is made in connection with a formal or apparent investigation or proceeding, NFA will notify the Commission of the request;

* * *

Part 800. Electronic Filing of Registration Forms

RULE 801. ELECTRONIC FILING OF FORMS 7-R, 8-R, 3-R, 7-W AND 8-T.

(a) Unless otherwise provided by these Rules, registrants which are FCMs, RFEDs, SDs, MSPs, IBs, CPOs, CTAs, FTFs, FBs and FTs and IBs, CPOs and CTAs which are confirmed as exempt from registration pursuant to CFTC Regulation 30.5 and applicants for registration in such categories or for exemption from registration as an IB, CPO or CTA pursuant to CFTC Regulation 30.5 must file their Form 7-Rs and Form 8-Rs; Form 8-Rs for their principals, ~~and for registration of their APs and FTOEs; Form 3-Rs for themselves, their APs and principals;~~ Form 7-Ws; and Form 8-Ts; and must update such Form 7-Rs and Form 8-Rs electronically by accessing NFA's registration and membership database in the manner provided by NFA. FCM, RFED, SD, MSP, IB, CPO, ~~and CTA~~ and FTF registrants or applicants, IBs and CPOs and CTAs that are confirmed as exempt from registration pursuant to CFTC Regulation 30.5 or applicants for exemption from registration as an IB, CPO or CTA pursuant to CFTC Regulation 30.5 may authorize any person to make electronic registration filings on their behalf. FB and FT registrants and applicants may authorize any other person to electronically update their Form 8-Rs ~~file Form 3-R's~~ on their behalf but may not authorize any other person to file Form 8-Rs on their behalf. Any electronic registration filing that such an authorized person makes on behalf of the FCM, RFED, SD, MSP, IB, CPO, CTA, FTF, FB or FT registrant or applicant or IB, CPO or CTA confirmed as exempt from registration pursuant to CFTC Regulation 30.5 or applicant for exemption from



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registration pursuant to CFTC Regulation 30.5 shall be deemed to have been made by the FCM, RFED, SD, MSP, IB, CPO, CTA, FTE, FB or FT registrant or applicant or IB, CPO or CTA confirmed as exempt from registration pursuant to CFTC Regulation 30.5 or applicant for exemption from registration pursuant to CFTC Regulation 30.5 granting the authorization to such person.

* * *

(c) No applicant, applicant for exemption from registration as an IB, CPO or CTA pursuant to CFTC Regulation 30.5, registrant, IB, CPO or CTA confirmed as exempt from registration pursuant to CFTC Regulation 30.5, or principal or FTOE may access NFA's electronic registration and membership database until NFA has assigned it a unique identifying code and password.

(d) Each applicant, applicant for exemption from registration as an IB, CPO or CTA pursuant to CFTC Regulation 30.5, registrant, IB, CPO or CTA confirmed as exempt from registration pursuant to CFTC Regulation 30.5, and principal and FTOE is responsible for maintaining the security and confidentiality of its identifying code and password and those of the persons whom it authorizes to make electronic registration filings on its behalf. NFA's electronic registration and membership database shall record and store the identifying code of each person accessing the database and shall logically associate in the database such identifying code with any electronic filing made by the person using such identifying code. The person whose identifying code is used to make an electronic filing will be deemed to have made such filing.

(e) Each registrant or applicant FCM, RFED, SD, MSP, IB, CPO, CTA, FTE, FB or FT or IB, CPO or CTA confirmed as exempt from registration pursuant to CFTC Regulation 30.5 or applicant for exemption from registration as an IB, CPO or CTA pursuant to CFTC Regulation 30.5 shall make available any person it has authorized to make or actually performing duties related to electronic filings, for testimony in court or before the Commission, NFA, any contract market or SEF regarding the authentication, integrity or accuracy of any electronic filing.

* * *



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INTERPRETIVE NOTICES

* * *

9042 - COMPLIANCE RULE 2-9: SPECIAL SUPERVISORY REQUIREMENTS FOR MEMBERS REGISTERED AS BROKER-DEALERS UNDER SECTION 15(b)(11) OF THE SECURITIES EXCHANGE ACT OF 1934

* * *

USE AND DISCLOSURE OF THE MEMBER'S NAME

Members must have supervisory procedures reasonably designed to ensure that the public understands who they are doing business with. It is conduct inconsistent with just and equitable principles of trade, and therefore a violation of NFA Compliance Rule 2-4, for Members and Associates to use misleading names or to fail to disclose their affiliation when dealing with the public. Similarly, Members and their Associates may not refer to another entity or individual in any manner that implies an affiliation that does not exist. Furthermore, CFTC Regulation 166.4 requires branch offices to use the name of the firm for all purposes and to hold itself out to the public under that name, and Appendix A to Part 3 of the CFTC's rules states that a person's registration can be denied, revoked, or conditioned under Section 8a(3)(M) of the Commodity Exchange Act if the person uses a misleading name. Members are, however, allowed to use non-misleading "doing business as" names if those names are reported to NFA on Form 7-R or ~~Form 3-R~~ an update to Form 7-R.

* * *

EXPLANATION OF PROPOSED AMENDMENTS

NFA has undertaken a complete rebuild of the Online Registration System. This rebuild involves recoding the Form 8-R process and making appropriate changes to the Form 8-R. Consequently, NFA's Registration Rules need to be amended to implement the new Form 8-R process, the Commission's approved changes to the Form 8-R and the retiring of the Form 3-R. These changes include, for example, requiring firms registered as floor traders (FTF) to file the Form 8-R electronically for individuals who enter orders on behalf of the FTF. Further, the Form 3-R, which had been used to report changes to registration information, was retired



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recognizing that in the electronic era, changes are made directly to the registration information rather than via filing a Form 3-R

Additionally, NFA is amending the proficiency requirements as to individuals acting solely as a principal of a registrant. Since 2002,¹ a person applying for registration who has previously passed one of the examinations to satisfy the proficiency requirements does not need to re-take and pass that examination provided that there is less than a consecutive two-year period since the original test date when the applicant has not been registered as an AP, FB,² sole proprietor³ registrant or principal of a registrant. The underlying rationale for this "two-year gap" rule is that a person who has previously passed a proficiency examination demonstrates proficiency based on the person's experience working in the industry provided the person has not been out of the industry for a significant gap in time.

However, this exception is currently overbroad because the rationale should not apply to individuals acting solely as a principal of a registrant. Principals who are not registered as APs are not required to demonstrate proficiency of any sort in order to be approved as a principal. As a result, it seems illogical to conclude that a person who is a listed principal who previously passed a proficiency exam, but who has not been an AP, FB or sole proprietor Member for more than two consecutive years since the original test date, has the appropriate experience to demonstrate proficiency based solely on the person's principal status. Therefore, NFA's Board approved an amendment to the proficiency requirements provisions of NFA Registration Rule 401 to eliminate this exception for those individuals who have acted solely as a principal of a registrant.

As mentioned earlier, NFA is invoking the "ten-day" provision of Section 17(j) of the CEA. NFA intends to make the proposed amendments to NFA Bylaw 301, NFA Registration Rules and Interpretive Notice entitled *Compliance Rule 2-9: Special Supervisory Requirements for Members Registered as Broker-Dealers under Section 15(b)(11) of the Securities Exchange Act of 1934* effective ten days after receipt of this

¹ Prior to 2002, only registration as an AP would toll the two-year gap provision.

² FBs and APs are treated the same because a registered FB may act as an AP without registering as an AP and therefore without satisfying a proficiency requirement.

³ Sole proprietor registrants do not need to be registered as APs but do need to satisfy the same proficiency requirements as APs.



Mr. Christopher J. Kirkpatrick

August 30, 2017

submission by the Commission, unless the Commission notifies NFA that the Commission has determined to review the proposals for approval.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carol A. Wooding".

Carol A. Wooding
Vice President and General Counsel

cc: Eileen T. Flaherty
Frank Fisanich
Tom Smith

(m:/jac/SubmissionLtrs/Bylaw 201, Reg Rules Proficiency Requirements and Electronic Registration Filings



COMMODITY FUTURES TRADING COMMISSION

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Division of Swap Dealer
and
Intermediary Oversight

Eileen T. Flaherty
Director

September 15, 2017

Carol A. Wooding, Esq.
Vice President and General Counsel
National Futures Association
300 South Riverside Plaza, Suite 1800
Chicago, Illinois 60606

Re: National Futures Association: NFA Bylaw 301, Registration Rules, and Interpretive Notice entitled *Compliance Rule 2-9: Special Supervisory Requirements for Members Registered as Broker-Dealers under Section 15(b)(11) of the Securities Act of 1934*.

Dear Ms. Wooding:

By letter dated August 30, 2017 and received August 31, 2017, the National Futures Association ("NFA") submitted to the Commodity Futures Trading Commission (the "Commission"), pursuant to Section 17(j) of the Commodity Exchange Act (the "Act"), its proposal to make technical amendments to NFA's Bylaw 301, various Registration Rules and the Interpretive Notice entitled *Compliance Rule 2-9: Special Supervisory Requirements for Members Registered as Broker-Dealers under Section 15(b)(11) of the Securities Act of 1934*. In its letter, NFA invoked the "ten-day" provision of Section 17(j) of the Act, and stated that it intended to make the Proposal effective ten days after receipt of the letter by the Commission, unless the Commission determined to review the Proposal for approval and notified NFA of this determination.

Please be advised that as of this date the Commission has not determined to review the Proposal, as provided under Section 17(j) of the Act.

Very truly yours,

Eileen T. Flaherty
Director
Division of Swap Dealer and
Intermediary Oversight