

May 31, 2016

**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: Increase in Forex Dealer Member Assessment on Each Order Segment Submitted to NFA's Forex Transaction Reporting Execution Surveillance System – NFA Bylaw 1301(e) and NFA Interpretive Notice *Forex Transactions*\*

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 1301(e) and to the NFA Interpretive Notice entitled *Forex Transactions* regarding an increase in the assessments for each order segment a Forex Dealer Member ("FDM") submits to NFA's Forex Transaction Reporting Execution Surveillance System ("Fortress"). NFA's Board of Directors approved the proposal on May 19, 2016.

NFA is invoking the "ten-day" provision of Section 17(j) of the CEA and plans to make the proposal effective ten days after receipt of this submission by the Commission unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

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**PROPOSED AMENDMENTS**  
**(additions are underscored and deletions are ~~stricken through~~)**

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**BYLAWS OF NATIONAL FUTURES ASSOCIATION**

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**BYLAW 1301. SCHEDULE OF DUES AND ASSESSMENTS.**

\* \* \*

**(e) Forex Dealer Members.**

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(ii) Each Forex Dealer Member shall pay an assessment of ~~\$.002~~ \$.004 on each order segment submitted by the Forex Dealer Member to NFA's Forex Transaction Reporting Execution Surveillance System. For purposes of this requirement, an order segment is a record of any line of data associated with an order, and includes when an order is added, modified, cancelled or filled.

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**INTERPRETIVE NOTICES**

\* \* \*

**FOREX TRANSACTIONS**

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**C. OTHER REQUIREMENTS**

This section of the notice provides guidance on dues, capital requirements, and security deposits. These requirements apply only to Forex Dealer Members.

**1. Bylaw 1301**

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Each Forex Dealer Member is also required to pay an assessment of ~~\$.002~~ \$.004 on each order segment submitted by the Forex Dealer Member to NFA's Forex Transaction Reporting Execution Surveillance System. For purposes of this

requirement, an order segment is a record of any line of data associated with an order, and includes when an order is added, modified, cancelled or filled. In addition, unfilled open orders that are carried over by the system are considered a new order segment the next day.

NFA will invoice the Member monthly for the Forex Transaction Reporting Execution Surveillance System assessment amount and the Member must remit the assessment to NFA within 30 days after the date of the invoice.

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### **EXPLANATION OF PROPOSED AMENDMENTS**

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NFA's forex regulatory program currently obtains the revenue needed to operate the program from three sources: (i) annual membership dues for FDMs for which NFA serves as the DSRO; (ii) annual membership dues for non-FDM Forex Members; and (iii) an assessment of \$.002 on each order segment submitted to NFA's Fortress by FDM Members. NFA utilizes Fortress to perform surveillance of FDMs' trading activity.

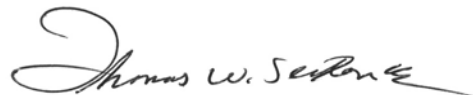
NFA strives to ensure that each of its regulatory programs is financially self-sufficient and from Fiscal 2012 through Fiscal 2015, this three pronged revenue structure covered the forex regulatory program's on-going operating costs. However, recently it has become apparent that the current forex fee structure is not sufficient to adequately cover the costs NFA incurs with respect to the current forex regulatory program. In the current fiscal year, FY 2016, the revenue will marginally cover its costs. However, if there are no changes to the revenue structure, then the forex regulatory program is projected to operate at a deficit of several hundred thousand dollars. As a result, in order to provide reasonable assurance that the forex regulatory program remains financially self-sufficient, NFA proposes to amend NFA Bylaw 1301(e) and the Interpretive Notice entitled *Forex Transactions* to increase the Fortress segment fee from \$.002 to \$.004.

Mr. Christopher Kirkpatrick

May 31, 2016

As mentioned earlier, NFA is invoking the “ten-day” provision of Section 17(j) of the CEA. NFA intends to make the proposed amendment to NFA Bylaw 1301(e) and the Interpretive Notice entitled *Forex Transactions* regarding an increase in the Fortress segment fee from \$.002 to \$.004 effective ten days after receipt of this submission by the Commission, unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas W. Sexton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Thomas W. Sexton  
Senior Vice President and  
General Counsel

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\*The proposed amendments to NFA Bylaw 1301(e) and to the NFA Interpretive Notice became effective July 1, 2016.