

September 2, 2014

**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: Daily Confirmation of Funds Covering  
Liabilities to Retail Forex Customers – NFA Financial Requirements  
Section 14 Regarding Assets Covering Liabilities to Retail Forex  
Customers\*

Dear Mr. Kirkpatrick:

Pursuant to Section 17(j) of the Commodity Exchange Act, as amended, National Futures Association (“NFA”) hereby submits to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the proposed amendments to NFA Financial Requirements Section 14 regarding daily confirmation of funds covering liabilities to retail forex customers. NFA’s Board of Directors (“Board”) approved the proposal on August 21, 2014.

NFA is invoking the “ten-day” provision of Section 17(j) of the Commodity Exchange Act (“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)**

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**FINANCIAL REQUIREMENTS**

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**SECTION 14. ASSETS COVERING LIABILITIES TO RETAIL FOREX CUSTOMERS.**

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(f) Each Forex Dealer Member must instruct each qualifying institution, as required by NFA, holding assets used to cover the Forex Dealer Member's liabilities to its retail forex customers under subsection (a), to report the balances in the Forex Dealer Member's account(s) to NFA or a third party designated by NFA in the form and manner prescribed by NFA.

(g) In addition to the requirements of subsections (c), (d) and (e), in order to be an acceptable qualifying institution to hold assets used to cover a Forex Dealer Member's liabilities to its retail forex customers identified in subsection (a), the qualifying institution must report the balances in the Forex Dealer Member's account(s) held at the qualifying institution to NFA or a third party designated by NFA in the form and manner prescribed by NFA.

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**EXPLANATION OF PROPOSED AMENDMENTS**

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NFA Financial Requirements Section 4 requires FCMs that hold customer segregated funds, secured amount funds and cleared swaps customer collateral (collectively "customer segregated funds") to instruct depositories holding customer segregated funds to report the balances in all customer segregated funds accounts on a daily basis to NFA or a third party designated by NFA. Depositories must report the balances in these accounts in order to be considered an acceptable depository to hold customer segregated funds. NFA receives daily customer segregated fund balances from banks, clearing FCMs and designated clearing organizations.

Although FDMs are not subject to the Commodity Exchange Act's segregation requirements for funds deposited by retail forex customers, both the Commission's regulations and NFA Financial Requirements Section 14 require FDMs to calculate daily the amount owed to customers for forex transactions and to hold assets equal to or in excess of that amount at one or more qualifying institutions in the United States or money center countries. NFA believes that it is an important customer

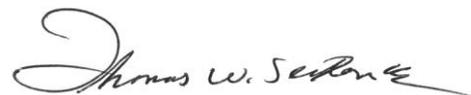
Mr. Christopher J. Kirkpatrick

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protection measure to require FDMs to also verify daily that they have sufficient funds to meet their liability to forex customers. Therefore, NFA is amending NFA Financial Requirements Section 14 to require each FDM to instruct each qualifying institution that holds assets used to cover its liabilities to retail forex customers to report daily the balances in these accounts to NFA or a third party designated by NFA. The proposed amendments also specify that in order to be an acceptable qualifying institution to hold assets covering an FDM's liabilities to retail forex customers, the qualifying institution must report the balances in the FDM's accounts to NFA or a third party designated by NFA.

As mentioned earlier, NFA is invoking the "ten-day" provision of Section 17(j) of the Commodity Exchange Act. NFA intends to make the proposed amendments to NFA Financial Requirements Section 14 regarding daily confirmation of funds covering liabilities to retail forex customers 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,



Thomas W. Sexton  
Senior Vice President and  
General Counsel

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\*The proposed amendments to NFA Financial Requirements Section 14 became effective October 15, 2014.