

OMB APPROVAL

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-7

File No. SR - 2009 - 02

Amendment No.

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).

Proposed amendment to the Interpretive Notice Regarding Security Futures Products Proficiency Training

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 A.

Last Name Piracci

Title Senior Attorney

E-mail mpiracci@nfa.futures.org

Telephone (312) 781-1419 Fax (312) 559-3474

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).

NFA's Board of Directors approved the proposed change on November 19, 2009

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 12/11/2009

By Thomas W. Sexton

(Name)

Senior Vice President and
General Counsel

(Title)

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 Sexton, tsexton@nfa.futures.org

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Exhibit 1- Notice of Proposed Rule Change

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

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

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Exhibit 3 - Form, Report, or Questionnaire

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

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Exhibit 4 - Proposed Rule Text

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

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 Request that Proposed Rule Change is not Necessary: Attach a copy of any request submitted to the CFTC for determination that review of the proposed rule change is not necessary.

Exhibit Sent As Paper Document

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Partial Amendment

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-2009-02)

SELF-REGULATORY ORGANIZATIONS; National Futures Association;
Proposed Change to the Interpretive Notice Regarding Security Futures Products
Proficiency Training

Pursuant to Section 19b(7) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-7 under the Act,² notice is hereby given that on December 11, 2009, 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 the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. NFA also has filed this proposed rule change concurrently with the Commodity Futures Trading Commission (“CFTC”).

NFA on December 11, 2009 has requested that the CFTC make a determination that review of the proposed rule change of NFA is not necessary. The CFTC has not yet made such determination.

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

The amendments to the Interpretive Notice titled "NFA Compliance Rules 2-7 and 2-24 and Registration Rule 401: Proficiency Requirements for Security Futures Products" extends the relief from having to take a proficiency exam to

¹ 15 U.S.C. 78s(b)(7).

² 17 CFR 240.19b-7.

engage in security futures activities from December 31, 2009 to December 31, 2012.

The text of the proposed change 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, the self-regulatory organization 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. The self-regulatory organization 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 Act³ 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 under Section 15(b)(11) of the Act.⁴

The Commodity Futures Modernization Act of 2000 amended the Securities Exchange Act of 1934 to require NFA to "have rules that ensure that members and natural persons associated with members meet such standards of training, experience, and competence necessary to effect transactions in security

³ 15 U.S.C. 78o-3(k).

⁴ 15 U.S.C. 78o(b)(11).

futures products ("SFPs") and are tested for their knowledge of securities and securities futures products."⁵ In 2001 NFA and FINRA (then NASD) adopted temporary relief allowing registrants to qualify to engage in security futures activities by completing a training program rather than by taking an exam. The relief was extended twice and is currently set to expire on December 31, 2009.

At its November 19, 2009 meeting, the Board approved amendments to the Interpretive Notice regarding proficiency requirements for security futures products. At that meeting, the Board also gave the Executive Committee authority to make any changes requested by the CFTC or the SEC. The CFTC and SEC have asked that the proposal adopted by the Board be modified and the Executive Committee has approved the modified proposal.

NFA and FINRA proposed the two prior extensions, and the CFTC and SEC agreed to them, because of the low trading volume in SFPs and the relatively few registrants engaging in security futures activities. These characteristics continue to make the imposition of a qualifications exam an inefficient option today. Accordingly, the proposal revises the Interpretive Notice to extend the relief from having to take an exam from December 31, 2009 to December 31, 2012.⁶

Amendments to the Interpretive Notice regarding Security Futures Products Proficiency Training were previously filed in SR-NFA-2002-04, SR-NFA-2003-03, SR-NFA-2006-04 and SR-NFA-2007-07.

⁵ Section 15A(k)(2)(D) of the Exchange Act.

⁶ FINRA staff has informed NFA that FINRA will amend its rules to incorporate the same three-year extension.

2. Statutory Basis

The rule change is authorized by, and consistent with, Section 15A(k)(2)(D) of the Act.⁷ That Section requires NFA to “have rules that ensure that members and natural persons associated with members meet such standards of training, experience, and competence necessary to effect transactions in SFPs and are tested for their knowledge of securities and securities futures products.”. Although the proposal extends relief from having to take an exam to engage in security futures activities, it still requires that training be completed before entering into such activities.

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

The proposed rule change will have little or no impact on competition. The proposed Interpretive Notice does not impose new requirements on Members, but rather makes clear that any registrant who is eligible to qualify through training has until December 31, 2012 before that eligibility lapses.

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

NFA worked with the CFTC and SEC in developing the rule change. NFA did not, however, 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 proposed rule change is not effective because the CFTC has not yet determined that review of the proposed rule change is not necessary.

⁷ 15 U.S.C. 78o-3(k)(2)(D).

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 Act.

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 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-2009-02.

Paper Comments

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

All submissions should refer to File Number SR-NFA-2009-02. 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 a.m. and 3 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-2009-02 and should be submitted on or before _____.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Elizabeth M. Murphy
Secretary

⁸ 17 CFR 200.30-3(a)(73).

Exhibit 2

(Not applicable)

Exhibit 3

(Not applicable)

Exhibit 4

INTERPRETIVE NOTICES

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**¶ 9049—NFA COMPLIANCE RULES 2-7 AND 2-24 AND
REGISTRATION RULE 401: PROFICIENCY REQUIREMENTS FOR
SECURITY FUTURES PRODUCTS**

The Commodity Futures Modernization Act of 2000 amended the Securities Exchange Act of 1934 to require NFA to “have rules that ensure that members and natural persons associated with members meet such standards of training, experience, and competence necessary to effect transactions in security futures products and are tested for their knowledge of securities and security futures products.”¹ NFA is in the process of updating the Series 3 examination to include questions applicable to security futures products. However, current registrants, and persons who become registered before the Series 3 examination is updated, will be allowed to meet the proficiency requirements by taking an appropriate training course before they engage in activities involving security futures products. This notice describes the conditions under which Members and Associates can substitute training for testing.

Current-NFA Members and Associates will be able to satisfy their proficiency requirements for security futures by taking any training program that covers the subject matter included in a content outline that has been jointly developed by NFA, the Financial Industry Regulatory Authority, and a number of securities and futures exchanges. A copy of that outline can be found on NFA’s website at www.nfa.futures.org. New registrants can also qualify through training if they take the Series 3 examination and apply for registration before the revised examination becomes available. **THE TRAINING MUST BE COMPLETED BEFORE AN INDIVIDUAL REGISTRANT ENGAGES IN ACTIVITIES INVOLVING SECURITY FUTURES PRODUCTS.** Any registrant who is eligible to qualify through training has until December 31, [2009] 2012 before that eligibility lapses. Registrants who subsequently decide to engage in security futures activities will be required to take the relevant examination.²

NFA, in partnership with the Financial Industry Regulatory Authority and the Institute for Financial Markets, has developed a web-based

training program that will satisfy the training requirement. That program can be accessed at www.nfa.futures.org. There is no charge for completing this training program.

NFA is also in the process of updating the Series 30 examination to include questions regarding security futures for persons who are designated security futures principals under NFA Compliance Rule 2-7. In order to qualify as a designated security futures principal, current supervisors may take a portion of the training program devoted to supervisory issues as well as the portions intended for all Associates as long as they do so before the revised Series 30 examination becomes available. After the revised Series 30 becomes available, only individuals who were qualified as branch office managers before that date may qualify as security futures principals by taking the training program in lieu of taking a supervisory proficiency exam, and those individuals must take the training program by December 31, [2009] 2012.

NFA Members and Associates are not required to notify NFA that they have completed a training program. However, Members must be able to demonstrate to NFA during an audit that those registered individuals who are engaging in security futures activities have completed the necessary training. For example, Members could keep records of Associates who attend internal training programs or require Associates to provide certificates of completion for outside training programs.

¹ Section 15A(k)(2)(D) of the Securities Exchange Act of 1934.

² Securities registrants will be subject to these same standards, although the examinations that qualify them to trade security futures products will be different.

Exhibit 5

- (a) December 11, 2009 letter from Thomas W. Sexton to David A. Stawick

December 11, 2009

Via Federal Express

Mr. David A. Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: National Futures Association: Proposed Amendments to the Interpretive
Notice Regarding SFP Proficiency Training

Dear Mr. Stawick:

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") proposed amendments to the Interpretive Notice titled "NFA Compliance Rules 2-7 and 2-24 and Registration Rule 401: Proficiency Requirements for Security Futures Products." This proposal was approved, with slightly different language, by NFA's Board of Directors ("Board") on November 19, 2009. At that same meeting, the Board authorized NFA's Executive Committee to make any necessary changes to the proposal that might be requested by the CFTC or the Securities and Exchange Commission ("SEC"). The Executive Committee approved the proposal as modified at the request of the CFTC and SEC.

NFA is invoking the "ten-day" provision of Section 17(j) of the Commodity Exchange Act ("CEA") and will 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~~)

INTERPRETIVE NOTICES

* * *



Mr. David A. Stawick

December 11, 2009

**¶ 9049—NFA COMPLIANCE RULES 2-7 AND 2-24 AND REGISTRATION
RULE 401: PROFICIENCY REQUIREMENTS FOR SECURITY FUTURES
PRODUCTS**

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Current-NFA Members and Associates will be able to satisfy their proficiency requirements for security futures by taking any training program that covers the subject matter included in a content outline that has been jointly developed by NFA, the Financial Industry Regulatory Authority, and a number of securities and futures exchanges. A copy of that outline can be found on NFA's website at www.nfa.futures.org. New registrants can also qualify through training if they take the Series 3 examination and apply for registration before the revised examination becomes available. **THE TRAINING MUST BE COMPLETED BEFORE AN INDIVIDUAL REGISTRANT ENGAGES IN ACTIVITIES INVOLVING SECURITY FUTURES PRODUCTS.** Any registrant who is eligible to qualify through training has until December 31, ~~2009~~ 2012 before that eligibility lapses. Registrants who subsequently decide to engage in security futures activities will be required to take the relevant examination.²

NFA, in partnership with the Financial Industry Regulatory Authority and the Institute for Financial Markets, has developed a web-based training program that will satisfy the training requirement. That program can be accessed at www.nfa.futures.org. There is no charge for completing this training program.

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Mr. David A. Stawick

December 11, 2009

security futures principals under NFA Compliance Rule 2-7. In order to qualify as a designated security futures principal, current supervisors may take a portion of the training program devoted to supervisory issues as well as the portions intended for all Associates as long as they do so before the revised Series 30 examination becomes available. After the revised Series 30 becomes available, only individuals who were qualified as branch office managers before that date may qualify as security futures principals by taking the training program in lieu of taking a supervisory proficiency exam, and those individuals must take the training program by December 31, 2009 2012.

NFA Members and Associates are not required to notify NFA that they have completed a training program. However, Members must be able to demonstrate to NFA during an audit that those registered individuals who are engaging in security futures activities have completed the necessary training. For example, Members could keep records of Associates who attend internal training programs or require Associates to provide certificates of completion for outside training programs.

¹ Section 15A(k)(2)(D) of the Securities Exchange Act of 1934.

² Securities registrants will be subject to these same standards, although the examinations that qualify them to trade security futures products will be different.

EXPLANATION OF PROPOSED AMENDMENTS

At its November 19, 2009 meeting, the Board approved amendments to the Interpretive Notice regarding proficiency requirements for security futures products. At that meeting, the Board also gave the Executive Committee authority to make any changes requested by the CFTC or the SEC. The CFTC and SEC have asked that the proposal adopted by the Board be modified and the Executive Committee has approved the modified proposal.

The Commodity Futures Modernization Act of 2000 amended the Securities Exchange Act of 1934 to require NFA to "have rules that ensure that members and natural persons associated with members meet such standards of training, experience, and competence necessary to effect transactions in security



Mr. David A. Stawick

December 11, 2009

futures products and are tested for their knowledge of securities and securities futures products."¹

In 2001 NFA and FINRA (then NASD) adopted temporary relief allowing registrants to qualify to engage in security futures activities by completing a training program rather than by taking an exam. The relief was extended twice and is currently set to expire on December 31, 2009.

NFA and FINRA proposed the two prior extensions, and the CFTC and SEC agreed to them, because of the low trading volume in Security Futures Products ("SFPs") and the relatively few registrants engaging in security futures activities. These characteristics continue to make the imposition of a qualifications exam an inefficient option today. Accordingly, the proposal revises the Interpretive Notice to extend the relief from having to take an exam from December 31, 2009 to December 31, 2012.²

As mentioned earlier, NFA is invoking the "ten-day" provision of Section 17(j) of the Commodity Exchange Act. NFA intends to make the amendments to the Interpretive Notice regarding SFP proficiency training 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 dark ink, appearing to read "T. W. Sexton", is written over a large, light-colored oval shape that serves as a background for the signature.

Thomas W. Sexton
Senior Vice President and
General Counsel

cc: William Penner

TWS:jac(m:/jac/SubmissionLtrs\IntNotc_SFP ProficiencyTraining121009)

¹ Section 15A(k)(2)(D) of the Exchange Act.

² FINRA staff has informed us that FINRA will amend its rules to incorporate the same three-year extension.