

March 1, 2013

Via Federal Express

Mr. Christopher Kirkpatrick
Deputy 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 Compliance Rule 2-7, Registration Rules 201, 203 and 501 and the Interpretive Notice to Registration Rule 402 Regarding CTAs Trading Primarily in Securities*

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 technical amendments to NFA Compliance Rule 2-7, Registration Rules 201, 203 and 501 and the Interpretive Notice to Registration Rule 402 regarding CTAs trading primarily in securities. NFA’s Board of Directors (“Board”) approved the proposal on February 21, 2013.

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~~)

COMPLIANCE RULES

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**PART 2. RULES GOVERNING THE BUSINESS CONDUCT OF MEMBERS
REGISTERED WITH THE COMMISSION**

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RULE 2-7. BRANCH OFFICE MANAGERS AND DESIGNATED SECURITY FUTURES PRINCIPALS.

(a) No Member shall allow an Associate to be a branch office manager unless:

(1) The Associate has taken and passed the "NFA Branch Manager Examination ~~Futures~~": *Provided, however,* that any Associate who subsequently ceases acting as a branch manager will not be required to retake and pass the examination in order to resume acting as a branch manager unless after acting as a branch manager the Associate was not registered in any capacity for a period of more than two years; or

(2) The Associate is sponsored by a registered broker-dealer and is qualified to act as a branch office manager under the rules of either the New York Stock Exchange or the Financial Industry Regulatory Authority.

(b) Each Member registered as a broker-dealer under Section 15(b)(11) of the Exchange Act must have at least one designated security futures principal. No such Member shall designate a person as a security futures principal unless:

(1) The person is a partner, officer, director, branch office manager or supervisory employee of the Member;

(2) The person is a Member or an Associate of the Member as defined in Bylaw 301(b); and

(3) The person has taken and passed the "NFA Branch Manager Examination ~~Futures~~.

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REGISTRATION RULES

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PART 200. REGISTRATION REQUIREMENTS AND PROCEDURES

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RULE 201. REGISTRATION REQUIREMENTS AND PROCEDURES

NFA shall perform registration functions in accordance with the provisions set forth in these Rules for all persons, except ~~agricultural trade option merchants ("ATM"), principals of ATMs, and ATM APs~~ and Swap Dealers ("SD"), Major Swap Participants ("MSP") and principals of SDs and MSPs, 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 ~~ATMs, principals of ATMs, ATM APs,~~ SDs, MSPs and principals of SDs and MSPs 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 ~~ATMs, principals of ATMs, ATM APs,~~ SDs, MSPs and principals of SDs and MSPs. Part 500 of these Rules shall govern adverse registration proceedings involving ~~ATMs, principals of ATMs, ATM APs,~~ SDs, MSPs and principals of SDs and MSPs. 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 and principals of SDs and MSPs. Part 800 shall govern the electronic filing of registration forms by SDs, MSPs and principals of SDs and MSPs.

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RULE 203. REGISTRATION FEES.

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

(1) **Associated Person:** \$85 for each Form 8-R filed for registration as an AP, except that the fee shall be \$65 for each Form 8-R filed in accordance with Rule 209 ~~or for registration as an ATM AP.~~

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(8) **Principal:** \$85 for each Form 8-R filed by a principal of an applicant or registrant, except that the fee shall be \$65 for each Form 8-R filed by a principal in accordance with Rule 209 ~~or a principal of an ATM.~~ If the principal is also applying for registration as an AP of the applicant or registrant, only the fee required in paragraph (a)(1) of this Rule shall be paid.

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(12) ~~**Agricultural Trade Option Merchant:** \$200 for each application for registration as an ATM~~ Reserved.

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**PART 500. PROCEEDINGS DENY, CONDITION, SUSPEND AND REVOKE
REGISTRATION.**

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**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, ~~ATM~~, as an AP of any of the foregoing, as an SD or MSP, 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 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).

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REGISTRATION RULE 402: CTAS TRADING PRIMARILY IN SECURITIES

INTERPRETIVE NOTICE

The Board of Directors has granted the ~~Director of Compliance~~ Vice-President of Registration and Membership the authority to waive the Series 3 examination for certain individuals associated with CTAs who are required to register solely because their securities advisory services include advice on the use of futures and options for risk management purposes. The individual or firm requesting the waiver must provide a written description of the facts which qualify the individual or firm for a waiver. The ~~Director of Compliance's~~ Vice-President of Registration and Membership's decision will be final.

The ~~Director of Compliance~~ Vice-President of Registration and Membership is authorized to waive the Series 3 examination for a CTA and its APs if: (1) the CTA is subject to regulation by a federal or state regulator; (2) for each customer for whom the CTA provides futures trading advice such advice is incidental to the securities advisory services provided by the CTA to such customer; and (3) the futures trading advice offered by the CTA is for hedging or risk management purposes.

Waiver requests should be directed to:

~~Director of Compliance~~ Vice-President of Registration and Membership
National Futures Association
300 South Riverside Plaza
Chicago, Illinois 60606

EXPLANATION OF PROPOSED AMENDMENTS

The proposed amendment to Compliance Rule 2-7 reflects the renaming of the branch manager proficiency examination from "Branch Manager Exam – Futures" to "NFA Branch Manager Examination." This exam was renamed because branch managers of firms that register solely because of their swaps activity must also take this exam. The proposed amendments to Registration Rules 201, 203 and 501 delete all provisions regarding Agricultural Trade Option Merchants (ATM) because in June 2012, the CFTC repealed its regulation requiring ATM registration. The proposed amendments to the Interpretive Notice substitute "Vice-President of Registration and

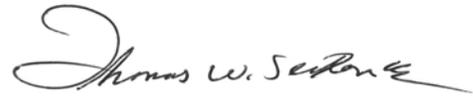
Mr. Christopher Kirkpatrick

March 1, 2013

Membership" for "Director of Compliance" to conform it to the text of NFA Registration Rule 402.

As mentioned earlier, NFA is invoking the "ten-day" provision of Section 17(j) of the Commodity Exchange Act. NFA intends to make the technical amendments to NFA Compliance Rule 2-7, Registration Rules 201, 203 and 501 and the Interpretive Notice to Registration Rule 402 regarding CTAs trading primarily in securities 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

*The proposed amendments to NFA Compliance Rule 2-7, Registration Rules 201, 203, and 501, and the Interpretive Notice to Registration Rule 402 regarding CTAs trading primarily in securities became effective July 9, 2013.