

March 31, 1986

Ms. Jean A. Webb
Secretary
Commodity Futures
Trading Commission
2033 "K" Street, N.W.
Washington, D.C. 20581

Re: **National Futures Association Proposed Amendment to Compliance Rule 3-6**

Dear Ms. Webb:

Pursuant to Section 17(j) of the Commodity Exchange Act ("Act"), as amended, National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("Commission") a proposed amendment to NFA Compliance Rule 3-6. The amendment was approved by the Board of Directors on February 27, 1986.

NFA Compliance Rule 3-6. HEARING
(Deletions are bracketed; additions are underscored.)

The Respondent shall be afforded a hearing on the charges, if the Respondent so requests in the Answer, before the Regional Committee or its designated Panel consisting of at least three individuals which shall include at least one member of the Regional Committee, each duly appointed by a majority of the Regional Committee, at such location as the Regional Committee or its designated Panel shall determine. The hearing shall be held as soon as practicable after the request is received. The failure to request a hearing shall, unless good cause is shown, be deemed a waiver of the Respondent's right to a hearing.

If a hearing is held-

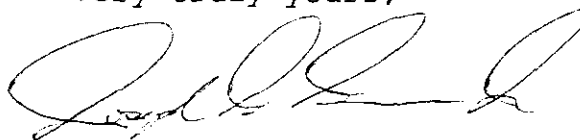
- (a) The Respondent shall be given reasonable advance notice of the hearing date and shall be entitled to reasonable pre-hearing examination of all evidence in NFA's possession or under its control that is to be relied upon by the Compliance Office or that is relevant to the Complaint;
- (b) The formal rules of evidence need not apply;

- (c) The Respondent may appear personally, examine any witness, call witnesses and present relevant testimony and other evidence; and
- (d) A substantially verbatim record of the hearing shall be made (i.e., one that can be accurately transcribed). The cost of transcription shall be borne by the Respondent only if it requests the transcript, appeals the decision under Rule 3-10 below, or applies for Commission review and review is granted (see paragraph (e)(iii) of Rule 3-10). Otherwise, any transcription costs shall be borne by NFA.

No [Regional Committee] member of the Regional Committee or its designated Panel shall participate in the matter if the member, or any person with which the member is connected, has a financial, personal or other direct interest in the matter under consideration.

This Amendment codifies NFA's interpretation of Compliance Rule 3-6 by stating explicitly that the conflict of interest provisions also apply to those appointed to serve on a hearing panel of a Business Conduct Committee. NFA respectfully requests the Commission to declare the proposed amendment effective upon approval by the Commission, as authorized by Section 17(j) of the Act.

Very truly yours,



Joseph H. Harrison, Jr.
Vice President, General Counsel
and Secretary

JHH:rh
(ETFd2/f23)

cc: Chairman Susan M. Phillips
Commissioner Kalo A. Hineman
Commissioner Fowler C. West
Commissioner William E. Seale
Commissioner Robert R. Davis
Andrea M. Corcoran, Esq.
Kenneth M. Raisler, Esq.
Dennis Klejna, Esq.
Kevin M. Foley, Esq.
Kenneth M. Rosenzweig, Esq.
Linda Kurjan, Esq.

UNITED STATES OF AMERICA
COMMODITY FUTURES TRADING COMMISSION

2033 K Street, N.W.
Washington, D.C. 20581



May 1, 1986

Joseph H. Harrison, Jr., Esq.
General Counsel
National Futures Association
200 West Madison Street
Chicago, Illinois 60606

Re: Amendment to National Futures Association Compliance
Rule 3-6

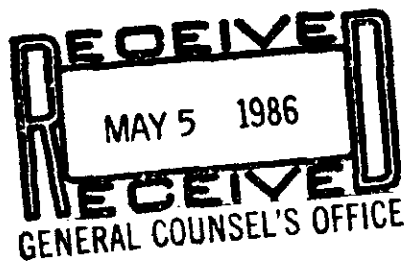
Dear Mr. Harrison:

This is to inform the National Futures Association that on April 30, 1986, the Commission approved the captioned NFA rule amendment as submitted by your letter dated March 31, 1986. The amendment relates to the prohibition on individuals appointed to compliance hearing panels from participating in any matter in which they (or any persons with which they are connected) have any financial, personal or other direct interest in the matter under consideration.

Very truly yours,

Jean A. Webb

Jean A. Webb
Secretary of the Commission



April 14, 1986

COMMODITY FUTURES
TRADING COMMISSION
RECEIVED
OFFICE OF THE
SECRETARIAT

APR 18 2 51 PM '86

Ms. Jean A. Webb, Secretary
Commodity Futures Trading
Commission
2033 K Street, N.W.
Washington, D.C. 20581

Re: National Futures Association Proposed
Amendment to Compliance Rule 3-6

Dear Ms. Webb:

By letter dated March 31, 1986, National Futures Association ("NFA") submitted to the Commodity Futures Trading Commission ("CFTC") a proposed amendment to NFA Compliance Rule 3-6 for approval pursuant to Section 17(j) of the Commodity Exchange Act. In that letter, the first paragraph of NFA Compliance Rule 3-6 was incorrectly set forth. The first paragraph actually reads:

The Respondent shall be afforded a hearing on the charges, if the Respondent so requests in the Answer, before the Regional Committee or its designated Panel consisting of no fewer than three individuals, at least one of whom shall be a member of the Regional Committee. Each individual on such Panel shall be appointed by a majority of the Regional Committee. The hearing shall be held at such location as the Regional Committee or its designated Panel shall determine. The hearing shall be held as soon as practicable after the request is received. The failure to request a hearing shall, unless good cause is shown, be deemed a waiver of the Respondent's right to a hearing.

NFA is not proposing to amend this paragraph of the Rule.

Very truly yours,



Joseph H. Harrison, Jr.
Vice President, General
Counsel and Secretary

KMD:ng
(D22/F26)

cc: Chairman Susan M. Phillips
Commissioner Kalo A. Hineman
Commissioner Fowler C. West
Commissioner William E. Seale
Commissioner Robert R. Davis
Andrea M. Corcoran, Esq.
Kenneth M. Raisler, Esq.
Dennis Klejna, Esq.
Kevin M. Foley, Esq.
Kenneth M. Rosenzweig, Esq.
Linda Kurjan, Esq.