

August 31, 2021

Via Email (secretary@cftc.gov)

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: Proposed Amendments to NFA Compliance Rule 2-49 to Incorporate CFTC Regulations regarding Mandatory Clearing and Mandatory Trade Execution Requirements

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 Compliance Rule 2-49 to incorporate CFTC regulations related to mandatory clearing and trade execution requirements. On August 19, 2021, NFA's Board of Directors ("Board") unanimously approved the adoption of the proposed amendments.

NFA is invoking the "ten-day" provision of Section 17(j) of the CEA and plans to make the amendments to NFA Compliance Rule 2-49 effective as early as 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.

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

NATIONAL FUTURES ASSOCIATION

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Compliance Rules

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**Part 2 – Rules Governing the Business Conduct of Members
Registered with the Commission**

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RULE 2-49. SWAP DEALERS AND MAJOR SWAP PARTICIPANTS REGULATIONS

- (a) Any Swap Dealer or Major Swap Participant Member that violates CFTC Regulation 3.3, the trade execution requirements of CFTC Regulation 37.12, or any requirement under Parts 23 or 50 of the CFTC's regulations, as applicable, shall be deemed to have violated an NFA Requirement.
- (b) A Swap Dealer or Major Swap Participant Member must promptly submit any reports, documents or notices, including those required under CFTC Regulation 3.3 or Part 23 of the CFTC's regulations, and any other supplemental information, to NFA and CFTC, as required by NFA, in the form and manner prescribed by NFA.

EXPLANATION OF PROPOSED AMENDMENTS

NFA Compliance Rule 2-49 provides that any NFA Member Swap Dealer or Major Swap Participant Member (collectively, SDs or SD Members) that violates CFTC Regulation 3.3 or any Part 23 Regulations is deemed to have violated an NFA requirement. Compliance Rule 2-49 provides NFA with the appropriate authority to oversee SD Member compliance with these requirements and to take enforcement actions for Member violations of these requirements. While the majority of CFTC requirements related to SDs are contained in CFTC Regulation 3.3 and the Part 23 Regulations, there are other important CFTC requirements related to trade execution and mandatory clearing for swaps contained in Parts 37, 38, and 50 of the Commission's Regulations. In particular, SDs are required to comply with CFTC Regulations 37.12 (for SEFs) and 38.11 (for DCMs), which implement the mandatory trade execution requirements set forth in Section 2(h)(8) of the CEA and the mandatory clearing requirements in Part 50. NFA's Board has approved amendments to Compliance Rule 2-49 to specifically provide that any SD Member that violates CFTC Regulations 37.12 or Part 50 of the CFTC's Regulations, will be deemed to have violated an NFA requirement. NFA is not proposing to include reference to CFTC Regulation 38.13 at this time since no DCM currently offers swaps for execution. The amendments will provide NFA with the appropriate authority to enforce the relevant requirements on SD Members.

NFA's Swap Participant Advisory Committee supported to the change to NFA Compliance Rule 2-49, which as mentioned above, was unanimously approved by NFA's Board.

Mr. Christopher J. Kirkpatrick

August 31, 2021

As mentioned earlier, NFA is invoking the “ten-day” provision of Section 17(j) of the CEA. NFA intends to make the proposed amendments to NFA Compliance Rule 2-49 effective as soon as ten days after the 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 that reads "Carol A. Wooding". The signature is written in a cursive style with a large, looping 'C' at the beginning and a long, sweeping tail at the end.

Carol A. Wooding
Senior Vice President and
General Counsel