

May 21, 2019

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: Membership Dues Surcharge for
Member Firms Engaging in Swaps Activities – NFA Bylaw 1301
Regarding Schedule of Dues and Assessments

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 Bylaw 1301 regarding the schedule of dues and assessments. NFA's Board of Directors ("Board") unanimously approved these amendments on May 16, 2019, and NFA respectfully requests Commission review and approval of the proposed amendments.

**PROPOSED AMENDMENTS
(additions are underscored)**

BYLAWS OF NATIONAL FUTURES ASSOCIATION

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**CHAPTER 13
DUES AND ASSESSMENTS**

* * *

BYLAW 1301. SCHEDULE OF DUES AND ASSESSMENTS.

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(b) FCM Members.

(i) Each FCM Member shall pay to NFA an assessment equal to:

* * *

- (ii) Each FCM for which NFA serves as the DSRO, as defined in NFA Financial Requirements Section 1, shall pay to NFA annual dues of \$5,625 and each FCM for which NFA does not serve as the DSRO as defined in NFA Financial Requirements Section 1, shall pay to NFA annual dues of \$1,500.

Provided, however, that any FCM for which NFA serves as the DSRO, as defined in NFA Financial Requirements Section 1, that has been approved as a swaps firm pursuant to NFA Bylaw 301(l) shall pay \$5,625 plus an additional surcharge of \$1,750.

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(d) Other Members.

Annual dues for the other membership categories shall be as follows:

- (i) Commodity Trading Advisor-\$750
- (ii) Commodity Pool Operator-\$750
- (iii) Introducing Broker-\$750

Provided, however, that any commodity trading advisor, commodity pool operator, or introducing broker that has been approved as a forex firm pursuant to NFA Bylaw 301(j) and/or as a swaps firm pursuant to Bylaw 301(l) shall pay \$750 plus an additional surcharge of \$1,750.

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EXPLANATION OF PROPOSED AMENDMENTS

NFA Bylaw 301(l) requires FCM, IB, CPO and CTA Members engaged in swaps-related activities to be approved by NFA as a swaps firm. NFA adopted this requirement after obtaining regulatory oversight responsibility for the swaps-related activities of these Members. NFA's Futures Compliance regulatory program oversees FCM, IB, CPO and CTA Members, including their swaps related activities. The revenue to support the Futures Compliance regulatory program, however, comes primarily from the assessment fee that NFA receives for each commodity futures and options contract executed by a public customer. NFA does not collect any revenue from FCM, IB, CPO or CTA Members directly tied to swaps. Therefore, the costs associated with overseeing the swaps activities of swaps approved Members, some of which deal exclusively in swaps, have been covered primarily from the revenue collected from the futures assessment fee.

In order to fund the regulatory costs associated with Members' swaps-related activities, NFA's Board has unanimously approved amendments to NFA Bylaw 1301 to impose an annual dues surcharge of \$1750 on FCM (for which NFA is the DSRO), IB, CPO and CTA Members that are approved swaps firms under Bylaw 301(l). This dues surcharge is identical in nature to the one imposed by NFA in 2011 on IB, CPO and CTA Member firms approved as a forex firm in order to defray the costs associated with regulating this forex activity. Pending CFTC approval, NFA intends to make the dues surcharge effective January 1, 2020 for all annual dues payable after that date.

NFA presented this proposal to the FCM, IB and CPO/CTA Advisory Committees. All three Advisory Committees supported the proposal. As stated earlier, NFA's Board unanimously approved the proposed amendments on May 16, 2019.

NFA issued a Notice to Members on May 20, 2019 notifying Members that NFA's Board had approved the dues surcharge, and that pending CFTC approval, the dues surcharge would become effective on January 1, 2020 for all dues payable after that date. The January 1, 2020 effective date, along with NFA's advance notice of the pending change, will provide current and pending swaps-approved Member firms that are not engaged in swaps activities and are not required to be a swaps-approved firm sufficient time to file a Form 7-W to withdraw from swap approval status and avoid the dues surcharge.

NFA respectfully requests that the Commission review and approve the proposed amendments to NFA Bylaw 1301 regarding the schedule of dues and assessments.

Respectfully submitted,

A handwritten signature in black ink that reads "Carol A. Wooding". The signature is written in a cursive, flowing style.

Carol A. Wooding
Vice President and General Counsel