

September 11, 2018

**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: Proposed Amendments to NFA Bylaw 1303  
Regarding Default and Deemed Request to Withdraw Membership

Dear Mr. Kirkpatrick:

Pursuant to Section 17(j) of the Commodity 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 1303. NFA's Board of Directors ("Board") unanimously approved the proposal on August 16, 2018.

NFA is invoking the "ten-day" provision of Section 17(j) of the CEA and plans to make this proposal 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.

---

**PROPOSED AMENDMENTS**

**(additions are underscored and deletions are ~~stricken through~~)**

---

**BYLAWS OF NATIONAL FUTURES ASSOCIATION**

\* \* \*

**CHAPTER 13  
DUES AND ASSESSMENTS**

\* \* \*

**BYLAW 1303. DEFAULT AND DEEMED REQUEST TO WITHDRAW MEMBERSHIP.**

~~When any Member shall be in default in the payment of dues or annual fees for a period of 30 days or assessments or audit fees for a period of three months after such dues, annual fees, assessments or audit fees became payable, NFA shall deem that Member's non-payment of dues, annual fees, assessments or audit fees to be a request to withdraw from NFA membership and shall notify that Member accordingly. NFA may provide the notice required by this Bylaw electronically.~~

NFA shall deem a Member's failure to pay its annual dues; late fees under NFA Financial Requirements Section 10, NFA Financial Requirements Section 13, NFA Compliance Rule 2-46 and NFA Compliance Rule 2-48; and assessments or audit fees within 30 days of the due date as a request by the Member to withdraw from NFA Membership. NFA will notify the Member accordingly, including by electronic means.

---

#### **EXPLANATION OF PROPOSED AMENDMENTS**

---

NFA Bylaw 1303 gives NFA the authority to deem a Member's failure to pay certain enumerated fees (*i.e.*, dues, annual fees, assessments and audit fees) as a request to withdraw from NFA membership. Pursuant to the Bylaw, the request to withdraw will occur 30 days after non-payment of dues and annual fees and three months after non-payment of assessments and audit fees. As a result, when a Member fails to timely pay any of these fees, NFA will notify the Member that NFA is processing its withdrawal, which generally results in prompt payment of the outstanding fees.

Over the years, NFA has added a number of fees for filing late reports. NFA Bylaw 1303, however, does not specify the fees for filing late reports under NFA Financial Requirements Section 10 (FCM, IB, LTM and FDM financial reports); NFA Financial Requirements Section 13 (other FDM reports); NFA Compliance Rule 2-46 (CPO and CTA quarterly reports) or NFA Compliance Rule 2-48 (FDM daily trade reports) as those that could be deemed a request to withdraw if not paid timely. NFA's Board amended NFA Bylaw 1303 to specify that failure to timely pay these late fees will also be deemed a request to withdraw. NFA's Board also amended NFA Bylaw 1303 to make consistent the time period when the request to withdraw occurs for all late payments. In particular, the amendment specifies that the request to withdraw will occur 30 days after non-payment for all fees.

Furthermore, the Board amended the Bylaw to remove the reference to annual fees in NFA Bylaw 1303, which referred to a fee that was imposed on FDMs based on the number of their unregulated solicitors and account managers. NFA eliminated this annual fee in 2010 when those entities became subject to CFTC registration requirements. Therefore, NFA Bylaw 1303 was updated to remove the reference to this particular annual fee.

Mr. Christopher J. Kirkpatrick

September 11, 2018

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 Bylaw 1303 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 that reads "Carol A. Wooding". The signature is written in a cursive style with a large, looping initial 'C' and a long, sweeping tail on the 'g'.

Carol A. Wooding  
Vice President and General Counsel