

January 12, 2016

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: Bylaw Amendments Regarding Electronic Voting, Other Technical Amendments, Formalizing the IB and Swap Participant Advisory Committees, and Repeal of Bylaw 503 regarding Removal of Directors*

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 amendments to NFA's Bylaws regarding the implementation of an electronic voting process for NFA's Board of Director's (Board) elections and for Articles of Incorporation (Articles) amendment approval votes, technical amendments to NFA's Bylaws, and the formal establishment of the Introducing Broker Advisory Committee and the Swap Participant Advisory Committee. NFA's Board approved these proposed amendments on November 19, 2015. Additionally, NFA hereby submits to the Commission the proposed amendment to repeal Bylaw 503 regarding the Removal of Directors which was approved by NFA's Board on May 21, 2015. NFA respectfully requests Commission review and approval of the proposed amendments.

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

**NATIONAL FUTURES ASSOCIATION
BYLAWS**

* * *

**CHAPTER 2
PURPOSES**

BYLAW 201. PURPOSES.

NFA's purposes are as stated in Article III of NFA's Articles Certificate of Incorporation (as it may be amended from time to time, ~~hereinafter the~~ "Articles").

**CHAPTER 3
MEMBERSHIP AND ASSOCIATION WITH A MEMBER**

BYLAW 301. REQUIREMENTS AND RESTRICTIONS.

(a) Eligibility for Membership.

(i) No person, unless eligible for membership in the contract market category, shall be eligible to become or remain an NFA Member or associated with a Member unless such person is registered, provisionally registered, temporarily licensed or exempt from registration under the Commodity Exchange Act (~~hereinafter "Act"~~) or the rules of the Commodity Futures Trading Commission (~~hereinafter "Commission"~~).

* * *

(~~4~~iv) If any Member fails to have at least one principal that is registered as an "associated person" NFA shall deem that Member's failure to be a request to withdraw from NFA membership and shall notify that Member accordingly.

* * *

(g) Denial and Revocation.

(i) If the President has reason to believe that: (1) an applicant for membership or registration with NFA as an Associate does not meet the qualifications set forth in this Chapter for NFA membership or association with a Member, as the case may be; (2) a Member or registered Associate does not meet the qualifications set forth in this Chapter for continuation as a Member or Associate; or (3) the person has submitted an intentionally incomplete, inaccurate or otherwise false application to NFA for membership or registration as an Associate, the President shall promptly so notify the person in writing and furnish a copy of the notice to the Membership Committee, setting forth the specific grounds for the determination. The person shall be given an opportunity to show in writing to the President that the qualifications are met, or that the application is not intentionally incomplete, inaccurate or false. If the person requests, or if the Membership Committee orders, a hearing shall be held before the Membership Committee or its designated Subcommittee, and a record shall be kept.

Such designated Subcommittee shall consist of one member of the Membership Committee and two members of NFA's Hearing Committee, unless the applicant or Member is an SD or MSP, in which case at least one of the members of the designated Subcommittee shall also be ~~affiliated with an~~ employee of an SD or MSP Member, respectively. The member of the Membership Committee sitting on each designated Subcommittee shall serve as the Chairman of the Subcommittee. At least one of the members of the designated Subcommittee shall not be an NFA Member or Associate or an employee of an NFA Member. Each member of the designated Subcommittee shall be appointed by a majority of the Membership Committee.

* * *

(iii)

(D) No member of the Appeals Committee shall participate in the proceeding if the member participated in any prior stage of the membership proceeding (other than the review of a settlement offer) or 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 or is disqualified under Bylaw 708(c). Except for good cause shown, the appeal or review shall be conducted solely on the record before the Membership Committee or Subcommittee, the written exceptions filed described in the notice of appeal under paragraph (aA) above, and such written or oral arguments of the parties as the Appeals Committee may authorize.

* * *

(h) Suspension and Termination of Membership and Associate Membership.

The membership or Associate membership of any person may be terminated or withdrawn as set forth below. Termination or withdrawal of a person's membership or associate membership shall not relieve the Member or Associate of any responsibility under the NFA Code of Arbitration, Member Arbitration Rules, Bylaws, Compliance Rules, Financial Requirements, Registration Rules, Interpretive Notices or Orders issued by the Executive Committee, Membership Committee, Appeals Committee, Hearing Committee or any designated Subcommittee or Panel of such Committees for activities prior to termination, or of the obligation to pay any dues, assessments, fines, penalties or other charges theretofore accrued and unpaid.

* * *

(iv) Withdrawal from Membership or Application for Membership.

A Member may request to withdraw its application for membership at any time before approval or request to withdraw from membership at any time by filing a Form 7-W, completed and filed in accordance with all pertinent instructions. Unless otherwise provided by these Bylaws or NFA Registration Rules, Members and applicants for membership must file their Form 7-Ws electronically by accessing NFA's registration and membership database in the manner provided by NFA. A request to withdraw an application for membership will become effective on the 30th day after the Member files the request, or earlier upon notice from NFA of the granting of such request. A request to withdraw from membership, including a deemed request to withdraw from membership, will become effective on the 30th day after the Member files or is deemed to have made the request, or earlier upon notice from NFA of the

granting of such request, unless prior to the effective date NFA notifies the Member in writing that the request is denied because:

* * *

- (5) NFA has determined that it would be contrary to NFA's Articles of Incorporation, Bylaws, Compliance Rules, Financial Requirements, Registration Rules, Interpretive Notices or Orders issued by the Executive Committee, Membership Committee, Appeals Committee, Hearing Committee or any designated Subcommittee or Panel of such Committees, or to the public interest to permit such withdrawal from membership.

* * *

(i) Name and Address.

(a) Each Member shall at all times register and maintain with the Secretary its correct name and principal address, and the correct name and address of each registered Associate employed by the Member. Except as provided in subsection (b) of this Bylaw below, the principal address of each Member and the address of each registered Associate currently on file with NFA shall be deemed by NFA the correct address for delivery to the Member or Associate of any written communication, document or notice from NFA. Delivery of any written communication, document or notice shall be complete upon mailing, delivery to a generally recognized overnight courier service or delivery to a messenger service. The failure of a Member to notify NFA of a change in the Member's principal address shall constitute grounds for summary suspension or termination of the NFA membership of such Member by order of the President on seven days' written notice.

(b) Each Member may provide to NFA, and if provided, shall maintain, in the manner required by NFA, one or more email addresses for the purpose of receiving communications, documents or notices from NFA. Unless a different method of delivery is specifically required, NFA may deliver any communication, document or notice to the email address or addresses currently on file. The email address or addresses currently on file shall be deemed by NFA the correct address or addresses for delivery to the Member

of the communication, document or notice by email. Delivery of any communication, document or notice by email shall be complete upon sending.

(j) Eligibility to Conduct Forex Activities.

(i) Any Member that is registered with the Commission as an FCM, RFED, IB, CPO, or CTA and engages in forex activities must be approved as a forex firm by NFA.

(4A) In addition to being approved by NFA as a forex firm, an RFED or an FCM that is a Forex Dealer Member must also be designated by NFA as an approved Forex Dealer Member.

(A1) No FCM may be designated as an approved Forex Dealer Member unless such FCM provides NFA with satisfactory evidence that it meets the requirements in NFA Financial Requirements Section 11.

(ii) Any person associated with a Member that is registered with the Commission as an FCM, RFED, IB, CPO, or CTA and engages in forex activities must be approved as a forex associated person by NFA in order to engage in forex activities on behalf of such Member.

(iii) No Member may be approved as a forex firm unless at least one of its principals is registered as an "associated person" and approved as a forex associated person.

(4A) If any Member that has been approved as a forex firm fails to have at least one principal that is registered as an "associated person" and approved as a forex associated person, then NFA shall deem such failure as a request to have the approval of the Member as a forex firm withdrawn and shall notify that Member accordingly.

(iv) Any request for designation as an approved Forex Dealer Member or approval as a forex firm or forex associated person must be filed electronically through NFA's Online Registration System.

(v) Any individual applying for designation as an approved Forex Dealer Member or approval as a forex firm or forex associated person shall not be granted designation as an approved Forex Dealer Member or approval as a forex firm or forex associated person unless:

(4A) The applicant has satisfied the proficiency requirements under NFA Registration Rule 401(a) or 401(e) and:

(A1) NFA has received satisfactory evidence that the applicant has taken and passed the Retail Off-Exchange Forex Examination (Series 34) on a date which is no more than two years prior to the date the application is received by NFA;

(B2) NFA has received satisfactory evidence that the applicant has taken and passed the Retail Off-Exchange Forex Examination (Series 34) and since the date the applicant last passed such examination, there has been no period of two consecutive years during which the applicant has not been either registered as a FB, AP or principal of an FCM, RFED, IB, CTA, CPO, or LTM; or

(C3) the applicant was duly registered under the Act as a FB, AP or sole proprietor FCM, IB, CTA, CPO or LTM on May 22, 2008, and there has been no period of two consecutive years since May 22, 2008, during which the applicant has not been registered as a FB, AP or principal of an FCM, RFED, IB, CTA, CPO or LTM.

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CHAPTER 4 MEMBER MEETINGS AND ELECTIONS

BYLAW 401. PLACE OF MEETING.

Meetings of NFA Members may be held at such place, either in Delaware or elsewhere, as may be designated by the Board or the officers calling the meeting. If no designation is made, the place of meeting shall be NFA's principal office in Chicago.

BYLAW 402. ANNUAL MEETINGS.

~~Beginning with a calendar year of 1983, t~~ The annual meeting of the Members shall be in held on the first Tuesday in February of each year or at such other date and time as determined by the Board, for the election of Directors elected by Members and the transaction of such business as may come before the meeting. The meeting date shall be fixed and announced by the Board not less than 45 days before such date The Board or Executive Committee may postpone, reschedule or cancel any meeting of Members previously scheduled by the Board.

BYLAW 403. SPECIAL MEETINGS.

Special meetings of the Members may be called for any purpose or purposes by the Chairman, the President or the Board. Special meetings shall also be called by the President when requested in writing by at least 10 percent of the Members. This request must state the purpose or purposes for which the special meeting is to be called, and t. The business transacted at the meeting shall be limited to the purpose recited stated in the request notice. The Board or Executive Committee may postpone, reschedule or cancel any meeting of Members previously scheduled by the Chairman, the President or the Board.

BYLAW 404. NOTICE OF MEETINGS.

~~A written or printed notice stating the place, day and hour of the~~ any meeting of Members and, in the case of a special meeting ~~requested by Members,~~ the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 40 days before the date of the meeting, either personally, ~~or~~ by U.S. mail or, subject to the requirements of applicable law, by electronic transmission by or at the direction of the Secretary, to each Member ~~who appears on the rolls of NFA as of the date of the notice~~ entitled to vote at the meeting. If mailed, the notice shall be deemed delivered when deposited in the ~~United States~~ U.S. mail, addressed to the Member at his or her address as it appears on NFA records, with postage prepaid. ~~Appearance~~ Attendance at a meeting by a Member shall constitute waiver of notice of such meeting, except when the Member attends a meeting for the express purposes of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened ~~any objection relating to the issuance, receipt or content of the meeting notice.~~

BYLAW 405. VOTING; QUORUM.

~~All voting by Members shall be conducted by written ballot, either mailed or delivered to the Secretary. A Member may withdraw a written ballot before the counting of ballots by instructing the Secretary to withdraw the ballot and by furnishing the Secretary with a new ballot. The Board shall establish procedures for the submission, verification and counting of ballots. Voting by proxy shall not be permitted. One hundred (100)~~

- ~~(a) Members shall constitute a A quorum at any meeting of the Members shall be constituted as described in (b) below. If a quorum is not present at a meeting, the Members in attendance may act to adjourn the meeting. Each Member entitled to vote at a meeting of Members may vote in person at the meeting by ballot or may authorize another person or persons to act for such Member by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.~~

- ~~(b) (i) For any matter that requires a separate vote by membership category or categories, but not all membership categories voting together as a single class, at any meeting of the Members, the lesser of fifty (50) Members in such membership category or categories or five percent (5%) of the total number of Members in such membership category or categories shall constitute a quorum for that membership category.~~
 - ~~(ii) For all other matters, 51% of the total number of Members shall constitute a quorum.~~

BYLAW 406. ELECTIONS.

~~The Annual Election shall be held on the third Tuesday in January at the annual meeting of Members, at which the contested vacancies on the Board and Nominating Committee shall be filled. Before the October 15 preceding the election, the Secretary shall:~~

- ~~(4a) notify all Members in the FCM, RFED and LTM; SD, and MSP and RFED; IB; CPO and CTA categories of the elected Directors and the members of the Nominating Committee whose terms will expire at the Annual Election, and~~

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(2b) request the submission to the Nominating Committee of the names of eligible persons to fill those positions.

Before the November 20 preceding the election, the Nominating Committee shall submit its list of nominees for the positions to the Secretary, who shall promptly notify the Members of the nominations. Other nominations may be made by petition, as prescribed in the Articles. Each petition must identify the position to which the nomination pertains. Petitions must be received by the Secretary within 21 days of the issuance of the Secretary's notification of the candidates proposed by the Nominating Committee. Promptly after the expiration of the period within which petitions may be submitted, the Secretary shall notify the Members of all of the candidates for Director and member of the Nominating Committee. In the event of a contested election in any of the FCM and LTM, SD, and MSP and RFED, IB, or CPO and CTA categories, the Secretary shall cause ~~written ballots~~ notice of the meeting wherein such election shall be considered to be sent to all Members in that category by December 15~~31~~. ~~The Secretary shall also cause written ballots to be sent to all Members in the RFED category by December 15.~~ Promptly after December 31 of the year immediately preceding the election, the Secretary shall notify the contract market Members that shall have representatives on the Board during the current calendar year. Provided, however, that if an election is held pursuant to Article VII, Section 2(a)(ii)(b) or Section 2A(a)(ii)(b), then the Secretary shall request the contract market Members eligible to have a representative in accordance with Article VII, Section 2(a)(ii)(b) or Section 2A(a)(ii)(b), respectively, to nominate eligible persons to represent such contract market Members. In the event of a contested election in the contract market category, the Secretary shall cause ~~written ballots~~ notice of the meeting wherein such election shall be considered to be sent to all contract market Members eligible to vote in accordance with Article VII, Section 2(a)(ii)(b) or Section 2A(a)(ii)(b), respectively, by January 10.

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BYLAW 408. RECORD DATE.

(a) Member Meetings.

In order that NFA may determine the Members entitled to notice of any meeting of Members or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is

adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the Members entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the day prior to the day on which notice is given, or, if notice is waived, at the close of business on the day prior to the day on which the meeting is held. A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination of Members entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for Members entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of Members entitled to vote in accordance herewith at the adjourned meeting.

(b) Written Consent.

Unless otherwise restricted by the Articles, in order that NFA may determine the Members entitled to express consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date for determining Members entitled to express consent to corporate action in writing without a meeting is fixed by the Board, (i) when no prior action of the Board is required by law, the record date for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to NFA in accordance with applicable law, and (ii) if prior action by the Board is required by law, the record date for such purpose shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

BYLAW 409. EXECUTIVE REPRESENTATIVE.

(a) Each Member shall designate, in a form and manner required by NFA, one (1) individual as the Member's Executive Representative. The Executive Representative shall have the sole authority on behalf of the Member to sign petitions to nominate

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candidates for Director or Nominating Committee positions in accordance with Article VII, Section 3(b)(1) and to vote or authorize another person or persons to act for such Member by proxy at any meeting of Members. All notices of meetings of Members shall be delivered to the Executive Representative.

(b) In the event that a Member fails to designate an Executive Representative, the Member's Membership Contact listed on the Member's Form 7-R or any amendment thereto shall be deemed to be the Member's Executive Representative.

CHAPTER 5 BOARD OF DIRECTORS

BYLAW 501. GENERAL POWERS AND DUTIES.

NFA's property, business and affairs shall be managed by or under the direction of its the Board, and the Board may exercise all such powers of NFA as are directed, required or permitted by law, the Articles or these Bylaws to be exercised by the Board.

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BYLAW 503. ~~REMOVAL OF DIRECTORS~~ RESERVED.

~~Notwithstanding the provisions of Bylaw 515, Directors may be removed from office as follows:~~

~~(a) Any Director representing a contract Market Member described in Article VII, Section 2(a)(ii)(b) and any FCM and LTM; SD and MSP; IB; or CPO and CTA Director may be removed by a majority of the Members eligible to elect the Director whenever, in their judgment, the best interests of NFA will be served thereby.~~

~~(b) Upon recommendation of the Executive Committee, any Director may be removed by two thirds of the Directors present and voting at a duly convened meeting of the Board whenever, in their judgment, the best interests of NFA will be served thereby.~~

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BYLAW 505. RESIGNATIONS.

Any Director may resign at any time by giving written notice, or notice by electronic transmission, to the Chairman, President or Secretary. The resignation shall take effect at the time set forth therein, and, unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

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BYLAW 507. SPECIAL MEETINGS.

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(b) Notice of ~~Emergencies~~ Special Meetings.

~~Notice of each special meeting shall be provided in accordance with such procedures as the Board may specify by resolution. Except in the event of an emergency (as defined below),~~ The Chairman shall cause notice of the any special meeting of the Board to be given at the earliest practicable time, and, except in unusual circumstances, at least two days 48 hours before the date on time at which the meeting is to be held.

Notices to Directors may be given in writing and delivered personally or mailed to the Directors at their addresses appearing on the books of NFA or may be given by telecopier, telephone or other means of electronic transmission.

Attendance of a Director at the meeting shall constitute a waiver of notice of the meeting, except where a Director attends a meeting exclusively for the limited purpose of objecting, at the beginning of the meeting, to the transaction of any business thereat on the ground that the meeting is not lawfully called or convened ~~shall be limited to the matters specified in the notice of such meeting.~~

In the event of an emergency (as defined herein), the Chairman or President may call a meeting on one-hour notice to all Directors. Such notice may be given by telecopier, telephone, ~~telegraph~~ electronic transmission or other lawful means. The business of the meeting shall be limited to the emergency. A quorum shall consist of 8 1/3 of the Directors, provided there is present at least one contract market Director, one FCM, RFED, LTM or IB Director; one SD or MSP or RFED Director; one CPO or CTA

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Director; and one Public Representative Director (~~See Article VII, Sections 2(a) (e)~~). For purposes of this Bylaw, an emergency shall exist when the Chairman or President determines that, because of an unusual, unforeseeable and adverse circumstance, it is necessary to hold a meeting on one hour notice.

BYLAW 508. ADJOURNMENT; LACK OF QUORUM.

In the absence of the quorum, a majority of the Directors present and voting may adjourn the meeting to a day certain and, except in emergencies ~~or other unusual circumstances~~, the Secretary shall give all absent Directors ~~five days~~ 48 hours notice of such adjourned date.

BYLAW 509. MANNER OF VOTING BY DIRECTORS.

Any Director (or any member of a committee designated by the Board) may participate in a meeting thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Bylaw 509 shall constitute presence in person at such meeting. ~~The Directors who are physically present at a regular or special Board meeting may adopt for that meeting a procedure whereby, for quorum purposes or otherwise, any Director not physically present may be deemed present if the Director is able to communicate with each other Director who is deemed to be present, and to participate in the proceedings of the meeting, by telephone or otherwise.~~

BYLAW 510. INFORMAL ACTION BY DIRECTORS.

Any action that must or may be taken at a Board meeting may be taken without a meeting if a consent in writing or by electronic transmission, setting forth the action so taken, shall be signed or given by all Directors then in office. This consent shall constitute a waiver of notice and meeting and shall have the same effect as a unanimous vote of all Directors at a meeting.

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**CHAPTER 6
OFFICERS**

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BYLAW 602. CHAIRMAN AND VICE CHAIRMAN.

The Chairman, and in the Chairman's absence the Vice Chairman, shall preside at all meetings of the Members and of the Board. In the absence of both, the ~~Members or the Board, as the case may be,~~ shall elect a presiding officer for the meeting and, in the absence of such election, the Members shall elect a presiding officer for the meeting.

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**CHAPTER 7
COMMITTEES**

BYLAW 701. MEMBERSHIP COMMITTEE.

There shall be a Membership Committee, consisting of five Directors, and at least one shall be a Public Representative (See Article XVIII). A majority of the Committee members ~~eligible to participate in a proceeding~~ shall constitute a quorum, except that in ~~the cases in which of~~ a Subcommittee has been designated a quorum shall consist of a majority of such Subcommittee members. The Committee members shall be ~~proposed~~ nominated by the President and appointed by the Board. The President and the Board shall endeavor to ~~propose~~ nominate and appoint Directors and persons who reflect the various categories of Members described in the Articles.

The Committee or its designated Subcommittee shall review actions taken by the President pursuant to the President's authority under Chapter 3 to make the initial determination regarding: (a) applicants for membership in NFA or registration as Associates, and (b) continued eligibility for such membership or registration and shall conduct adverse registration actions as provided in Part 500 of the Registration Rules.

Each Committee member shall serve for two years or until the member's successor is appointed and qualified, or until the member's death, resignation, ineligibility or removal. A Committee vacancy shall be filled ~~in the manner prescribed in Bylaw 601 for officers~~

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by the Board. A Committee member may be removed by the Board whenever, in its judgment, the best interests of NFA will be served thereby ~~for cause.~~

BYLAW 702. APPEALS COMMITTEE.

There shall be an Appeals Committee, consisting of five Directors as follows: one Contract Market Director; one FCM, LTM, ~~RFED~~ or IB Director; one CPO/CTA Director; one SD, RFED or MSP Director; and one Public Representative Director (See Article XVIII). A majority of the Committee members ~~eligible to participate in a proceeding~~ shall constitute a quorum. The Committee members shall be ~~proposed~~ nominated by the President and appointed by the Board. The President and the Board shall endeavor to ~~propose~~ nominate and appoint Directors who reflect the various categories of Members described in the Articles.

The Committee shall hear and decide appeals from and reviews of decisions in disciplinary cases by the Business Conduct Committee or the Hearing Committee under the Compliance Rules and decisions by the Membership Committee or its designated Subcommittee in membership cases under Bylaw 301(g).

Each Committee member shall serve for two years, or until the member's successor is appointed and qualified, or until the member's death, resignation, ineligibility or removal. A Committee vacancy shall be filled ~~in the manner prescribed in Bylaw 601 for officers~~ by the Board. A Committee member may be removed by the Board whenever, in its judgment, the best interests of NFA will be served thereby ~~for cause.~~

BYLAW 703. ADVISORY COMMITTEES.

The Board shall appoint Advisory Committees, not having or exercising the authority of the Board, including a Committee to advise the Board on FCM matters, ~~and a Committee to advise the Board on matters relating to CPOs and CTAs,~~ a Committee to advise the Board on matters relating to IBs, and a Swap Participant Committee to advise the Board on matters relating to SDs and MSPs. No person then serving as a member of the Board shall simultaneously serve as a member of any NFA Advisory Committee.

Each member of an Advisory Committee shall be nominated by the President and serve for three years, except that the terms initially established shall be staggered, or until the

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member's successor is appointed and qualified, or until the member's death, resignation, ineligibility or removal. A vacancy in an Advisory Committee shall be filled ~~in the manner prescribed in Bylaw 601 for officers~~ by the Board. A Committee member may be removed by the Board whenever in its judgment the best interests of NFA will be served thereby.

~~No member of an Advisory Committee shall use or disclose material, non public information, obtained as a result of participation on the Advisory Committee, for any purpose other than the performance of official duties as a member of the Advisory Committee.~~

BYLAW 704. BUSINESS CONDUCT COMMITTEE.

There shall be a Business Conduct Committee, consisting of nine individuals who shall be Members, persons connected therewith or members of the public, as follows: four persons affiliated with FCMs, IBs, LTMs, CTAs or CPOs; two persons affiliated with SDs, RFEDs or MSPs; and three persons who are not NFA Members or Associates or employees of NFA Members. A majority of the Business Conduct Committee members eligible to participate in a proceeding shall constitute a quorum, except that in the cases in which of a Panel has been appointed (See Compliance Rule 3-11) a quorum shall consist of a majority of such Panel members ~~but no fewer than three~~. The members of the Business Conduct Committee shall be ~~proposed~~ nominated by the President and appointed by the Board. The President and the Board shall endeavor to propose nominate and appoint individuals who reflect the various categories of NFA Members and members of the public.

Each member of the Business Conduct Committee shall serve for three years, or until the member's death, resignation, ineligibility or removal. A vacancy in the Business Conduct Committee shall be filled ~~in the manner prescribed in Bylaw 601 for officers~~ by the Board. A Business Conduct Committee member may be removed by the Board whenever, in its judgment, the best interests of NFA will be served thereby ~~for cause~~.

~~No Business Conduct Committee member shall use or disclose material, non public information, obtained as a result of participation on the Business Conduct Committee, for any purpose other than the performance of official duties as a member of the Business Conduct Committee.~~

BYLAW 705. FINANCE COMMITTEE.

There shall be a Finance Committee not having or exercising ~~the~~ any authority of the Board, to advise the Executive Committee and Board on matters of NFA financial policy including the establishment of major plans and priorities regarding the commitment and expenditure of NFA funds and the establishment of dues, assessments, fees and other charges upon Members and others. The Finance Committee shall consist of ~~six~~ eight members as follows:

- (a) NFA's President;
- (b) NFA's Vice Chairman (who shall act as Chairman of the Finance Committee);
and
- (c) Six (6) other Directors as follows who shall not also be members of the Executive Committee and who shall be ~~proposed~~ nominated by the Executive Committee and appointed by the Board at the first Board meeting in each fiscal year:
 - (i) One (1) Director representing contract markets;
 - (ii) One (1) Director representing FCMs, LTM's or IBs;
 - (iii) One (1) Director representing SDs, RFEDs or MSPs;
 - (iv) One (1) Director representing CPOs or CTAs; and
 - (v) Two (2) Directors who are Public Representatives (See Article XVIII).

The members of the Finance Committee described in paragraph (c) above shall serve for one year, or until the member's death, resignation, ineligibility or removal. A vacancy in the Finance Committee shall be filled by the Board. A Finance Committee member may be removed by the Board whenever, in its judgment, the best interests of NFA will be served thereby

BYLAW 706. ~~NOMINATING COMMITTEE RESERVED.~~

~~No member of the Nominating Committee or any subcommittee thereof shall use or disclose material, non-public information, obtained as a result of participation on the Committee or any subcommittee thereof, for any purpose other than the performance of official duties as a member of the Committee or any subcommittee thereof.~~

BYLAW 707. HEARING COMMITTEE.

There shall be a Hearing Committee, consisting of at least 15 individuals who shall be Members, persons connected therewith or members of the public. A majority of the Hearing Committee members ~~eligible to participate in a proceeding~~ shall constitute a quorum, except that in the cases in which of a Panel has been appointed (See Compliance Rule 3-7) a quorum shall consist of a majority of such Panel members ~~but no fewer than three~~. The members of the Hearing Committee shall be ~~proposed~~ nominated by the President and approved by the Board. The President and the Board shall ~~endeavor to propose~~ nominate and appoint individuals who reflect the various categories of NFA Members and members of the public. At least one-third of the members of the Hearing Committee shall not be NFA Members or Associates or employees of NFA Members.

Each member of the Hearing Committee shall serve for three years, or until the member's death, resignation, ineligibility or removal. A vacancy in the Hearing Committee shall be filled ~~in the manner prescribed in Bylaw 601 for officers~~ by the Board. A Hearing Committee member may be removed by the Board whenever, in its judgment, the best interests of NFA will be served thereby ~~for cause~~.

~~No Hearing Committee member shall use or disclose material, non public information, obtained as a result of participation on the Hearing Committee, for any purpose other than the performance of official duties as a member of the Hearing Committee.~~

* * *

**CHAPTER 11
DOING BUSINESS WITH NON-MEMBERS**

BYLAW 1101. PROHIBITION.

(a) No Member may carry an account, accept an order or handle a transaction in commodity futures contracts for or on behalf of any non-Member of NFA, or suspended Member, that is required to be registered with the Commission as an FCM, IB, CPO, RFED, CTA or LTM, and that is acting in respect to the account, order or transaction for a customer, a commodity pool or participant therein, a client of a commodity trading advisor, or any other person, unless:

(a) such non-Member of NFA is a member of another futures association registered with the Commission under Section 17 of the Act, or is exempted from this prohibition by Board resolution;

(b) such non-Member of NFA is registered with the Commission as an FCM or IB under Section 4f(a)(2) of the Act and the account, order, or transaction involves only security futures products; or

(c) such suspended Member is exempted from this prohibition by the Appeals Committee.

(b) No Member may accept orders in commodity futures contracts to cover leverage transactions, for or on behalf of any non-Member of NFA, or suspended Member, that is required to be registered with the Commission as an LTM, unless:

(a) such non-Member is a member of another futures association registered under Section 17 of the Act, or is exempted from this prohibition by Board resolution; or

(b) such suspended Member is exempted from this prohibition by the Appeals Committee.

(See *Interpretive Notice at ¶ 9007.*)

BYLAW 1102. EFFECTIVE DATE OF PROHIBITION.

The Board may establish such effective date or dates for ~~Section~~ Bylaw 1101, as to any category or subcategory of persons or programs, as it deems appropriate in light of NFA resources and the prudent initiation of particular NFA operations and programs.

* * *

**CHAPTER 13
SCHEDULE OF DUES AND ASSESSMENTS**

BYLAW 1301. SCHEDULE OF DUES AND ASSESSMENTS.

Subject to the provisions of Article XII, dues and assessments of Members shall be as follows:

* * *

(b) FCM Members.

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

(A) \$.02 for each commodity futures contract traded on or entered into subject to the rules of a contract market (other than an option contract) on a round-turn basis;

(B) \$.01 for each option contract traded on or entered into subject to the rules of a contract market on a per trade basis; carried by it for a customer other than:

(1) a person having privileges of membership on a contract market where such contract is entered (except that this exemption does not apply to transactions by commodity pools operated by NFA Member CPOs);

(2) a business affiliate of such FCM that directly or indirectly owns 100 percent of or is owned 100 percent by or has 100 percent ownership in common with such FCM provided such FCM has privileges of membership on the contract market where such contract is entered; or

(3) an omnibus account carried for another FCM Member for which assessments are payable to NFA by the other FCM;

(C) \$.02 for each commodity futures contract traded on or entered into subject to the rules of a foreign board of trade (other than an option contract) on a round-turn basis;

(D) \$.01 for each option contract traded on or entered into subject to the rules of a foreign board of trade on a per trade basis; carried by it for a customer other than:

(1) on an omnibus account basis for another FCM Member for which assessments are payable to NFA by the other FCM; or

(2) for the proprietary trades of a person who has privileges of membership on any NFA Member contract market that has annual transaction volume of 1,000,000 calculated in conformance with Article VII, Section 2(a)(iii) or Section 2A(a)(iii), as applicable, of NFA's Articles of Incorporation provided, however, that this exemption shall not be afforded for the foreign proprietary trades of a person's parent, affiliate, or subsidiary unless these entities separately meet the requirements of this subsection;

(E) \$.01 for each dealer option contract on a per trade basis carried by it for a customer other than a business affiliate of such FCM that directly or indirectly owns 100 percent of or is owned 100 percent by or has 100 percent ownership in common with such FCM Member:

* * *

(f) Swap Dealer and Major Swap Participant Members

(i) Each Swap Dealer Member that meets the definition of a Large Financial Institution pursuant to Article XVIII~~(a)~~ of the Articles of Incorporation shall pay to NFA annual dues in the amount of \$1,000,000;

(ii) Each Swap Dealer Member that does not meet the definition of a Large Financial Institution pursuant to Article XVIII~~(a)~~ of the Articles of Incorporation shall pay to NFA annual dues in the amount of \$250,000;

(iii) Each Major Swap Participant Member shall pay to NFA annual dues in the amount of \$150,000; and

(iv) Any Swap Dealer Member or Major Swap Participant Member that is an affiliate as defined in Article XVIII~~(b)~~ of the Articles of Incorporation of a Swap Dealer Member that pays annual dues in the amount described in subsections (i) or (ii) above or a Major Swap Participant Member that pays annual dues in the amount described in subsection (iii) above shall pay annual dues in the amount of \$150,000.

* * *

BYLAW 1304. AUDIT FEES FOR LTMS.

Each LTM Member shall pay an audit fee to NFA each year within 30 days of the date the invoice is mailed by NFA. The Board of Directors shall determine the audit fee each year based on the anticipated cost of such audits. If the fee paid is less than the actual cost of auditing the LTM during the calendar year for which it was paid, NFA will invoice the LTM for the difference, and the LTM Member shall pay the invoiced amount within 30 days. If the fee paid is greater than the actual costs of auditing the LTM, the excess will be applied to the fee of the following year. In addition to such audit fee, each LTM shall pay to NFA an amount equal to one month's interest at an annual rate of 10 percent (or such other rate of interest as the President, with the concurrence of the Executive Committee, may determine from time to time) on the amount of any such audit fee payable by that LTM for every month or fraction thereof such audit payment is late.

* * *

**CHAPTER 15
MISCELLANEOUS PROVISIONS**

* * *

BYLAW 1506. AMENDMENTS TO BYLAWS.

No Bylaw may be adopted, amended or repealed by the Board except as specified in a ~~written~~ notice sent to each Director either in writing or by electronic transmission at least two weeks prior to the meeting at which the Board considers the same: Provided, however, that such prior notice is not required in an emergency as defined by Bylaw 507, or where a two-thirds majority of all Directors present and voting approves.

BYLAW 1507. DEFINITIONS.

Except as provided in this Bylaw, the terms used in these Bylaws shall have the same meaning as in the Articles.

- (a) The term "futures" as used in these Bylaws shall include:
 - (4i) option contracts granted by a person that has registered with the

Commission under Section 4c(d) of the Act as a grantor of such option contracts or has notified the Commission under the Commission's rules that it is qualified to grant such option contracts;

(2ii) foreign futures and foreign options transactions made or to be made on or subject to the rules of a foreign board of trade for or on behalf of foreign

futures and foreign options customers as those terms are defined in the Commission's rules;

(3iii) leverage transactions as that term is defined in the Commission's rules; and

(4 iv) security futures products, as that term is defined in Section 1a(32) of the Act.

(b) The term "forex" as used in these Bylaws means foreign currency futures and options and any other agreement, contract, or transaction in foreign currency that is:

(1i) ~~foreign currency futures and options and any other agreement, contract, or transaction in foreign currency that is~~ offered or entered into on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis;

(2ii) offered to or entered into with persons that are not eligible contract participants as defined in Section 1a(12) of the Act; and

(3iii) not executed on or subject to the rules of a contract market, a derivatives transaction execution facility, a national securities exchange registered pursuant to Section 6(a) of the Securities Exchange Act of 1934, or a foreign board of trade.

Provided, however, that the term does not include any security that is not a security futures product, any contract of sale that results in actual delivery within two days, or any contract of sale that creates an enforceable obligation to deliver between a seller and buyer that have the ability to deliver and accept delivery, respectively, in connection with their line of business, unless the transaction involves a futures contract or an option.

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Such contracts are hereby declared to be proper subjects of NFA regulation and oversight (see Article XVIII, paragraph (k)).

BYLAW 1508. SECURITY FUTURES AGREEMENTS.

~~NFA S~~staff may, with the approval of the Executive Committee, enter into one or more agreements with one or more designated contract markets to provide regulatory services to NFA to assist NFA in discharging its obligations under Sections 15A(k) and 19(g) of the Securities Exchange Act of 1934. Any action taken by a designated contract market, or its employees or authorized agents, acting on behalf of NFA pursuant to a regulatory services agreement shall be deemed to be an action taken by NFA; provided, however, that nothing in this provision shall affect the oversight of the designated contract market by the ~~Commodity Futures Trading~~ Commission. Notwithstanding the fact that NFA may enter into one or more regulatory services agreements regarding security futures, NFA shall retain ultimate legal responsibility for, and control of, its self-regulatory responsibilities under the Securities Exchange Act of 1934, and any such regulatory services agreement shall so provide.

EXPLANATION OF PROPOSED AMENDMENTS

On November 19, 2015, NFA's Board unanimously approved amendments to NFA's Bylaws to implement electronic voting, make other technical amendments and to formally establish the Introducing Broker Advisory Committee and the Swap Participant Advisory Committee.

Electronic Voting

NFA currently conducts its contested Director elections and voting for approval of Articles' amendments using paper ballots submitted by mail. Ballots are sent to Members and returned to an independent certified public accounting firm, which tabulates and reports the results of the voting. The process that will replace this will still offer the option for Members to vote by paper ballot at the annual meeting of the Members or to return a paper proxy card with voting instructions by mail. However, staff

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envisions that the electronic option described below will be the Members' preferred choice to cast ballots.¹

As is the case now, in October of each year, staff will notify Members of vacancies on the Board and Nominating Committee and request suggestions of potential candidates' names to be provided to the Nominating Committee. After the Nominating Committee nominates its candidates, staff will provide those names to the Members. Members may then nominate candidates pursuant to the petition process.

Unlike the current process, staff will not send ballots to Members if elections are necessary. Instead, the elections will be held at the annual meeting of Members. Members may attend the meeting and vote in person or not attend and vote by proxy. Unless the Board sets a different date, the annual meeting of Members will take place on the first Tuesday in February. No later than December 31st of the year preceding the annual meeting of Members, a notice that a meeting of the Members will be held and the elections that will take place at the meeting will be sent both electronically and by U.S. mail to all Members eligible to vote. The notice will include a proxy card for Members to use to provide their voting instructions and will also include instructions for completing and returning the proxy card by mail or completing and submitting the proxy card electronically. Biographic materials that the candidates have provided will also be included with the notice.

To facilitate the electronic voting process, each Member will designate an Executive Representative who will have the Member's sole authority to sign nominating petitions, receive notices of Member meetings and proxy materials, complete proxy cards and provide voting instructions and cast votes on behalf of the Member. If a Member fails to designate an Executive Representative, the Member's membership contact listed in NFA's online registration system (ORS) will be deemed to be the Executive Representative.

NFA intends to engage a third-party service provider to administer the election process. Based on information provided by NFA, the service provider will create the proxy cards and send the notice with the accompanying candidate materials to the Members both electronically and by U.S. mail. The service provider will also host

¹ For simplicity sake, the discussion is limited to contested Director elections, but the electronic voting process will apply in the same manner to contested Nominating Committee member elections and the approval of Articles' amendments.

a website with instructions that Members can access to electronically complete the proxy card and provide their voting instructions. Members can also return the signed proxy card with their voting instructions to the service provider by mail.

The service provider will attend the meeting of Members and serve as the independent Inspector of Elections. As the Inspector of Elections, the service provider will tabulate the votes cast at the meeting either in person or by proxy and prepare a Master Ballot reflecting those votes. It will also execute an Inspector's Oath and Inspector Certification Report.

Bylaw Amendments to Implement Electronic Voting Process

The Bylaw amendments that implement the electronic voting process are summarized below.

- Bylaw 402: Members will elect Directors and conduct other business at the annual meeting of the Members. To provide sufficient time to conduct the Director election process and to meet statutory notice requirements, the annual meeting of Members will take place on the first Tuesday of February each year. Members can either attend and cast votes in person or not attend and vote by proxy.
- Bylaw 404: Notice of the annual meeting of the Members and the business to be conducted will be provided no later than December 31st of the year prior to the annual meeting of Members.
- Bylaw 405: The quorum requirements for conducting business at the annual meeting of the Members are different for matters requiring category votes than for conducting any other business. Because of the vastly different number of Members in NFA's various membership categories, for matters requiring voting by separate category, i.e., elections of Directors and approval of Articles' amendments, the quorum requirement is category-based and not subject to the general quorum requirement. In order to conduct a Director election in a category or to have a vote on Articles' amendments, the lesser of fifty (50) Members or five percent (5%) of the total number of Members in the category or categories must be present in person or by proxy. The quorum to conduct

any other business is fifty-one percent (51%) of the entire NFA membership.

- Bylaw 406: Before October 15th of the year prior to the annual meeting of Members, staff shall notify the Members of open Board positions and request candidates' names for submission to the Nominating Committee. About November 20th of the year prior to the annual meeting of Members, staff will notify the Members who the Nominating Committee has slated for the open Directors' positions. Members may nominate candidates by petition submitted to staff no later than twenty-one (21) days thereafter. If there are any contested elections, a notice of the annual meeting of Members and the business to be conducted in accordance with Bylaw 404 will be sent no later than December 31st of the year preceding the annual meeting of Members.
- Bylaw 408: The Board sets the record date, i.e., the date on which a firm must be a Member in order to receive the notice of the annual meeting of Members and to be entitled to vote at the meeting. Absent Board action, the record date is deemed to be the end of the business day prior to the date on which the notice of the annual meeting and materials are sent.
- Bylaw 409: Members must designate an Executive Representative, who will have the Member's sole authority to sign nominating petitions, receive notice of the Member's meeting, complete and return proxy cards and provide voting instructions and cast votes on the Member's behalf. In the absence of a designated Executive Representative, the Member's membership contact in ORS is deemed to be the Executive Representative.

Miscellaneous and Technical Amendments

The other proposed amendments conform language among related provisions and to the text of the Delaware General Corporation Law, make technical clarifications and consistently number sections and subsections.

Bylaw Amendments to Formalize the IB and Swap Participant Advisory Committees

NFA Bylaw 703 formally establishes two of NFA's four Member Advisory Committees – a Committee to advise the Board on FCM matters and a Committee to advise the Board on matters relating to CPOs and CTAs. An IB Advisory Committee has existed for over 25 years but has never been added to Bylaw 703's language. In early 2011, a Swap Dealer Advisory Committee (SDAC) was established to help incorporate swap dealer (SD) and Major Swap Participant (MSP) registrants into NFA membership. Over time, the SDAC has assumed a function similar to NFA's other Member Advisory Committees and has served as a valuable resource in developing NFA's rules and regulatory programs. Therefore, NFA's Board unanimously approved amending Bylaw 703 to formally establish two additional Advisory Committees – one to advise the Board on matters relating to IBs and another to advise the Board on matters relating to SDs and MSPs (Swap Participants).

Repeal of Bylaw 503 Regarding Removal of Directors

Since NFA's inception, NFA Bylaw 503 has provided that the Board has the authority to remove a Director whenever, in the judgment of the Board, the best interests of NFA will be served thereby. Since 1990, Bylaw 503(b) has provided that upon the recommendation of the Executive Committee, any Director may be removed by two-thirds of the Directors present and voting at a duly convened meeting of the Board. NFA's outside Delaware corporate counsel advised NFA that this authority should be specified in NFA's Certificate of Incorporation rather than in the Bylaws. Therefore, on May 21, 2015, NFA's Board approved amendments to NFA's Articles to move the Director removal provisions from NFA Bylaw 503 to Article VII and to amend NFA Bylaw 503 to delete its Director removal provisions. The Commission subsequently approved this amendment to Article VII on September 24, 2015. At this time, NFA requests that the Commission approve the repeal of NFA Bylaw 503 because the Director removal provisions are now provided for in NFA Article VII.

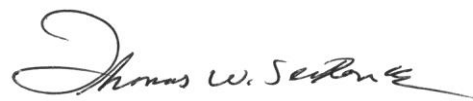
NFA respectfully requests that the Commission review and approve the proposed amendments to NFA's Bylaws regarding the implementation of an electronic voting process for NFA's Board elections and for Articles amendment approval votes, technical amendments to NFA's Bylaws, formally establishing the Introducing Broker

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Advisory Committee and the Swap Participant Advisory Committee, and repealing Bylaw 503.

Respectfully submitted,

A handwritten signature in black ink, reading "Thomas W. Sexton". The signature is written in a cursive style with a long, sweeping underline.

Thomas W. Sexton
Senior Vice President and
General Counsel

*The proposed amendments to these Bylaws became effective August 1, 2016.