

June 5, 2012

**Via Federal Express**

Mr. David A. Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

Re: National Futures Association: Reporting Requirements for CPOs and  
CTAs – Proposed Amendments to NFA Compliance Rule 2-46\*

Dear Mr. Stawick:

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 Compliance Rule 2-46 regarding reporting requirements for CPOs and CTAs. NFA’s Board of Directors (“Board”) approved the proposal on May 17, 2012, and NFA respectfully requests Commission review and approval of the proposal.

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**PROPOSED AMENDMENTS**

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

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**NFA COMPLIANCE RULES**

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**RULE 2-46. CPO AND CTA QUARTERLY REPORTING REQUIREMENTS**

(a) Except as provided in paragraph (b) below, Each CPO Member must report file NFA Form PQR, in a form and manner prescribed by NFA, on a quarterly basis to with NFA, for each pool that it operates and for which it has any reporting requirement under CFTC Regulation ~~4.27~~ 4.22, the following information in a form and manner prescribed by NFA within 45 60 days after the end of each quarterly reporting period the quarters ending in March, June and September, and a year-end report within 90 days of the calendar year end.

(b) Each CPO Member that is required to file CFTC Form CPO-PQR on a quarterly basis pursuant to CFTC Regulation 4.27 will satisfy its NFA Form PQR filing requirements by filing CFTC Form PQR in accordance with CFTC Regulation 4.27.

(c) Each CTA Member with a reporting requirement under CFTC Regulation 4.27 must file NFA Form PR, in a form and manner prescribed by NFA, on a quarterly basis with NFA within 45 days after the quarters ended March, June and September and a year-end report within 45 days of the calendar year end.

~~(a) The identity of the pool's administrator, carrying broker(s), trading manager(s); and custodian(s);~~

~~(b) A statement of changes in net asset value for the quarterly reporting period;~~

~~(c) Monthly performance for the three months comprising the quarterly reporting period;~~

~~(d) A schedule of investments identifying any investment that exceeds 10% of the pool's net asset value at the end of the quarterly reporting period.~~

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## EXPLANATION OF PROPOSED AMENDMENTS

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In March 2010, NFA adopted NFA Compliance Rule 2-46 to require Member CPOs to report certain information to NFA on a quarterly basis. NFA has utilized the information by integrating it into NFA's compliance risk management system. The information helps NFA schedule examinations and identify firms that warrant additional monitoring. Although much of the information NFA currently collects under Compliance Rule 2-46 is the information that the CFTC will begin requiring CPOs to report on Schedule A and portions of Schedule B of CFTC Form CPO-PQR under CFTC Regulation 4.27, NFA believes this information has been useful and that we should continue to collect it from all CPO Members on a quarterly basis. NFA also believes that the information that will be collected from CTAs on CFTC Form CTA-PR, along with certain additional basic information on each managed account program, would also be useful to NFA in assessing the risks associated with our CTA Members.

In order to simplify the filing requirements for CPO and CTA Members and avoid duplicate filings of the same information, NFA has adopted slight modifications to Compliance Rule 2-46. Specifically, going forward NFA Form PQR will generally

consist of the applicable CFTC Form CPO-PQR Schedules. However, since NFA Form PQR's schedule of investments is not part of CFTC Form CPO-PQR's Schedule A, NFA will still require those small CPOs that are required by the CFTC to file only Schedule A to complete a schedule of investments. To keep the reporting requirement consistent with Schedule A, NFA is amending Rule 2-46 to change the percentage threshold that will require reporting to be the same as what is required by the CFTC. Under the amendment, the schedule of investments will require information on any investment that exceeds 5% of the pool's net asset value at the end of the reporting period from the current 10%. These small CPOs will need to file Schedule A and the schedule of investments with NFA on a quarterly basis for the quarters ended March, June and September and a year-end report within 90 days of the calendar year end.

Mid-size CPOs will be required to file Schedule A and the schedule of investments for the quarters ended March, June and September and a year-end report consisting of Schedules A and B within 90 days of the calendar year end. NFA concluded that it was not necessary to require mid-sized CPOs to file all of the information required in Schedule B on a quarterly basis. Moreover, to simplify the filing requirements for large CPOs that are required to file CFTC Form PQR on a quarterly basis, NFA will allow those CPOs' compliance with CFTC Regulation 4.27 to satisfy NFA Form PQR's filing requirements since NFA will be able to access the applicable information through the firm's filing of CFTC Form CPO-PQR.

The actual filing requirements with modified time-frames based on CFTC Regulation 4.27's requirements will be as follows:

- Small CPOs will be required to file NFA Form PQR (which will consist of CFTC Form CPO-PQR's Schedule A and a schedule of investments) with NFA on a quarterly basis within 60 days of the quarters ending March, June and September. Small CPOs will also be required to file a year-end report (consisting of Schedule A and a schedule of investments) within 90 days of the calendar year end;
- Mid-size CPOs will be required to file NFA Form PQR (which will consist of CFTC Form CPO-PQR's Schedule A and a schedule of investments) with NFA on a quarterly basis within 60 days of the quarters ending in March, June and September. Mid-size CPOs will also be required to file CFTC Form CPO-PQR's Schedules A and B on an annual basis, which will be due within 90 days of the calendar year end;

- Large CPOs will satisfy their NFA PQR filing requirements by filing the required CFTC Form PQR schedules on a quarterly basis within 60 days of the quarter end; and
- CPOs that file Form PF with the SEC in lieu of CFTC Form CPO-PQR will be required to file NFA Form PQR (CFTC Form CPO-PQR Schedule A and a schedule of investments), with NFA on a quarterly basis within 60 days of the quarter end, except for the December 31st quarter, which will be due within 90 days of quarter end.

CTAs will also be required to file NFA Form PR on a quarterly basis within 45 days of the quarter end. NFA Form PR will consist of CFTC Form CTA-PR, plus certain additional information relating to relationships (i.e., carrying broker, introducing broker, etc.); assets under management for each trading program; and monthly performance during the quarter for each trading program.

CPOs and CTAs will file these forms through NFA's Easy File system and the process will be virtually identical regardless of whether the firm is completing the applicable Schedules for NFA only or for both NFA and the CFTC. Firms will only have to complete one set of forms and NFA will forward to the CFTC any CFTC Form CPO-PQR and Form CTA PR information requested.

The amendments to Compliance Rule 2-46 do not impose any additional NFA reporting requirements on CPOs. The amendments merely change the deadlines to coincide with CFTC deadlines in order to simplify the filing process. Although the amendments impose new requirements on CTAs, the information required is basic and straightforward and should not impose any significant burden on CTAs.

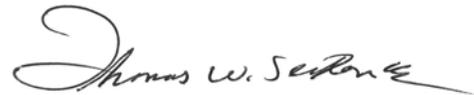
NFA presented the proposed changes to NFA's CPO/CTA Advisory Committee at its meeting in March and the Committee supported the changes to NFA Compliance Rule 2-46.

Mr. David A. Stawick

June 5, 2012

NFA respectfully requests that the Commission review and approve the proposed amendments to NFA Compliance Rule 2-46 regarding reporting requirements for CPOs and CTAs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas W. Sexton". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Thomas W. Sexton  
Senior Vice President and  
General Counsel

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\*The proposed amendments to NFA Compliance Rule 2-46 became effective March 30, 2013.