

December 1, 1993

Via Overnight Delivery

Ms. Jean A. Webb
Secretariat
Commodity Futures Trading Commission
2033 K Street, N.W.
Washington, D.C. 20581

Re: National Futures Association: Proposed Amendments to
NFA Bylaw 1301

Dear Ms. Webb:

Pursuant to Section 17(j) of the Commodity Exchange Act, as amended, National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("Commission") proposed amendments to NFA Bylaw 1301. These proposed amendments were approved by NFA's Board of Directors ("Board") at its meeting on November 18, 1993. NFA intends to make the amendments effective on January 1, 1994, unless within ten days after the Commission receives this submission the Commission notifies NFA that it has determined to review the amendments for approval.

A. Proposed Amendments to NFA Bylaw 1301 (additions are under-scored and deletions are bracketed):

BYLAWS
OF
NATIONAL FUTURES ASSOCIATION

* * *

CHAPTER 13

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:

(a) Contract Markets.

Each contract market Member shall pay to NFA an assessment calculated on the basis of \$.01 for each round-turn transaction in a commodity futures contract (purchase and sale or sale and purchase) executed on the contract market,



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except that in any NFA fiscal year, the total of such assessments paid by a contract market Member with two (2) Directors on the Board shall not be more than \$150,000 and the total of such assessments paid by a contract market Member with one (1) Director on the Board shall not be more than \$100,000.

(b) FCM Members.

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

(A) \$.20 [\$.24] for each commodity futures contract traded on a contract market (other than an option contract) on a round-turn basis, and

(B) \$.12 [\$.14] for each option contract traded on 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 or (2) a business affiliate of such FCM that directly or indirectly owns 100% of or is owned 100% by or has 100% 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) \$.20 [\$.24] for each commodity futures contract traded on a foreign board of trade (other than an option contract) on a round turn basis, and

(D) \$.12 [\$.14] for each option contract traded on a foreign board of trade on a per trade basis,

carried by it for a customer other than on an omnibus account basis for another FCM Member for which assessments are payable to NFA by the other FCM; and



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- (E) \$.12 [\$.14] 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% of or is owned 100% by or has 100% ownership in common with such FCM Member:

Provided, however, such assessments shall be suspended or adjusted by the Board for a period not to exceed three months when in the judgment of the Board such action is appropriate in light of NFA's overall financial goals. The FCM Member shall invoice these assessments to its customer and shall remit the amount due to NFA; and

- (ii) Each FCM for which NFA serves as the DSRO, as defined in NFA Financial Requirements Section 2, shall pay to NFA annual dues of \$5,000 and each FCM for which NFA does not serve as the DSRO as defined in NFA Financial Requirements Section 2, shall pay to NFA annual dues of \$1,000.

(c) LTM Members.

- (i) Each LTM Member shall pay to NFA an assessment equal to \$.12 [\$.14] for each leverage contract purchased from or sold to the LTM by a customer. *Provided, however, such assessments shall be suspended or adjusted by the Board for a period not to exceed three months when in the judgment of the Board such action is appropriate in light of NFA's overall financial goals. The LTM Member shall invoice these assessments to its customer and shall remit the amount due to NFA; and*
- (ii) Each LTM Member shall pay to NFA annual dues of \$1,000.

* * *

B. Explanation of Proposed Amendments to NFA Bylaw 1301

The proposed amendments to NFA Bylaw 1301 reduce NFA's assessment fees from \$.24 to \$.20 per round-turn futures contract and from \$.14 to \$.12 per options transaction. NFA's assessment



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fee income has been running above budget due to unanticipated increases in the volume of public contracts. As a result, NFA's working capital has grown to approximately \$12.1 million, in excess of the target level set by the Board. NFA's Finance Committee and Board considered a range of possible actions to reduce the level of working capital quickly and responsibly while limiting the possibility of future fluctuations in the level of assessment fees and concluded that the most appropriate means of managing the problem was a reduction in the assessment fee levels to their 1991 levels of \$.20 per round-turn futures contract and \$.12 per option transaction.

As stated above, NFA intends to make these amendments effective on January 1, 1994, unless within ten days after the Commission receives this submission the Commission notifies NFA that it has determined to review the amendments for approval.

Respectfully submitted,

Daniel J. Roth
General Counsel

DJR:ckm(sub\111993.fee)

cc: Acting Chairman Sheila C. Bair
Commissioner Joseph B. Dial
Andrea M. Corcoran, Esq.
Dennis P. Klejna, Esq.
Alan L. Seifert, Esq.
Susan C. Ervin, Esq.
Lawrence B. Patent, Esq.
David Van Wagner, Esq.



December 15, 1993

CFTC Dismisses Review of
Proposed Amendments to
NFA Bylaw 1301
and New NFA Compliance Rule 3-17

By letter dated December 1, 1993, NFA submitted to the CFTC proposed amendments to NFA Bylaw 1301 to decrease the assessment fee to \$.20 per round-turn futures contract and \$.12 for options transactions. Please be advised that the Commission dismissed review of the proposed amendments. The amendments to Bylaw 1301 and the reduction in assessment fee will become effective on January 1, 1994.

By letter dated September 10, 1993, NFA submitted to the CFTC proposed new NFA Compliance Rule 3-17 entitled "Composition of Committees." Please be advised that the Commission dismissed review of this rule. New NFA Compliance Rule 3-17 became effective on December 10, 1993.

Chris Makino



COMMODITY FUTURES TRADING COMMISSION

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DIVISION OF
TRADING AND MARKETS

December 13, 1993

Mr. Daniel J. Roth
General Counsel
National Futures Association
200 West Madison Street
Chicago, Illinois 60606

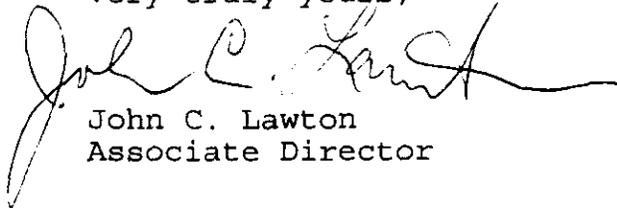
Re: Proposed Amendment to Bylaw 1301--Transaction
Assessment Fees

Dear Mr. Roth:

By letter dated December 1, 1993, the National Futures Association ("NFA") submitted the above-referenced proposal to the Commission. NFA's submissions invoked the "ten-day" provision of Section 17(j) of the Commodity Exchange Act ("Act") to permit the above-referenced proposal to become effective ten days after Commission receipt unless the Commission determined to review the proposal for approval and so notified NFA.

Please be advised that the Division of Trading and Markets has examined the above-referenced proposal and has decided to not review the proposal, as provided under Section 17(j) of the Act.

Very truly yours,



John C. Lawton
Associate Director

