

February 22, 2010

**Via Federal Express**

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

Re: National Futures Association: Minimum Net Capital Requirements for  
Futures Commission Merchants and Introducing Brokers – Proposed  
Amendments to NFA's Financial Requirements Section 1\*

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”) proposed amendments to Financial Requirements Section 1 regarding minimum net capital requirements for futures commission merchants and introducing brokers. NFA’s Board of Directors (“Board”) approved this proposal on February 18, 2010.

NFA is invoking the “ten-day” provision of Section 17(j) of the Commodity Exchange Act (“CEA”). NFA intends to make this proposal effective on March 31, 2010, unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

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**PROPOSED AMENDMENTS**

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

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**FINANCIAL REQUIREMENTS**

**SECTION 1. FUTURES COMMISSION MERCHANT FINANCIAL REQUIREMENTS**

(a) Each Member that is registered or required to be registered with the Commodity Futures Trading Commission (hereinafter “CFTC”) as a Futures Commission Merchant (hereinafter “Member FCM”) must maintain “Adjusted Net

Capital" (as defined in CFTC Regulation 1.17) equal to or in excess of the greatest of:

(i) \$51,000,000;

\* \* \*

(v) Eight (8) percent of domestic and foreign domiciled customer and ~~four (4) percent of non-customer~~ (excluding proprietary) risk maintenance margin/performance bond requirements for all domestic and foreign futures, ~~and~~ options on futures contracts and cleared over-the counter derivative positions excluding the risk margin associated with naked long option positions;

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### **EXPLANATION OF PROPOSED AMENDMENTS**

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The Commission recently issued final rules implementing changes to its financial requirements for introducing brokers and futures commission merchants (FCMs), which become effective on March 31, 2010. In order to conform to the Commission's revised net capital requirements, the following amendments to NFA's Financial Requirements Section 1 regarding FCMs must be made:

- Increase the minimum dollar capital requirement from \$500,000 to \$1,000,000;
- Increase the risk-based capital requirement for non-customer accounts from 4% to 8% of the total risk margin requirement for positions carried in non-customer accounts; and
- Include cleared over-the counter derivative positions in an FCM's risk-based capital calculation for customer and non-customer accounts.

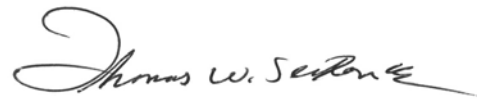
As mentioned earlier, NFA is invoking the "ten-day" provision of Section 17(j) of the Commodity Exchange Act. NFA intends to make these changes effective on

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March 31, 2010, the same date the Commission's rules become effective, unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

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's Financial Requirements Section 1 become effective March 31, 2010.