

December 11, 2009

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: Proposed Amendments to the Interpretive Notice Regarding SFP Proficiency Training*

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 the Interpretive Notice titled "NFA Compliance Rules 2-7 and 2-24 and Registration Rule 401: Proficiency Requirements for Security Futures Products." This proposal was approved, with slightly different language, by NFA's Board of Directors ("Board") on November 19, 2009. At that same meeting, the Board authorized NFA's Executive Committee to make any necessary changes to the proposal that might be requested by the CFTC or the Securities and Exchange Commission ("SEC"). The Executive Committee approved the proposal as modified at the request of the CFTC and SEC.

NFA is invoking the "ten-day" provision of Section 17(j) of the Commodity Exchange Act ("CEA") and will make these proposals effective ten days after receipt of this submission by the Commission unless the Commission notifies NFA that the Commission has determined to review the proposals for approval.

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

INTERPRETIVE NOTICES

* * *

**¶ 9049—NFA COMPLIANCE RULES 2-7 AND 2-24 AND REGISTRATION
RULE 401: PROFICIENCY REQUIREMENTS FOR SECURITY FUTURES
PRODUCTS**

The Commodity Futures Modernization Act of 2000 amended the Securities Exchange Act of 1934 to require NFA to “have rules that ensure that members and natural persons associated with members meet such standards of training, experience, and competence necessary to effect transactions in security futures products and are tested for their knowledge of securities and security futures products.”¹ NFA is in the process of updating the Series 3 examination to include questions applicable to security futures products. However, current registrants, and persons who become registered before the Series 3 examination is updated, will be allowed to meet the proficiency requirements by taking an appropriate training course before they engage in activities involving security futures products. This notice describes the conditions under which Members and Associates can substitute training for testing.

Current-NFA Members and Associates will be able to satisfy their proficiency requirements for security futures by taking any training program that covers the subject matter included in a content outline that has been jointly developed by NFA, the Financial Industry Regulatory Authority, and a number of securities and futures exchanges. A copy of that outline can be found on NFA’s website at www.nfa.futures.org. New registrants can also qualify through training if they take the Series 3 examination and apply for registration before the revised examination becomes available. **THE TRAINING MUST BE COMPLETED BEFORE AN INDIVIDUAL REGISTRANT ENGAGES IN ACTIVITIES INVOLVING SECURITY FUTURES PRODUCTS.** Any registrant who is eligible to qualify through training has until December 31, ~~2009~~ 2012 before that eligibility lapses. Registrants who subsequently decide to engage in security futures activities will be required to take the relevant examination.²

NFA, in partnership with the Financial Industry Regulatory Authority and the Institute for Financial Markets, has developed a web-based training program that will satisfy the training requirement. That program can be accessed at www.nfa.futures.org. There is no charge for completing this training program.

NFA is also in the process of updating the Series 30 examination to include questions regarding security futures for persons who are designated

security futures principals under NFA Compliance Rule 2-7. In order to qualify as a designated security futures principal, current supervisors may take a portion of the training program devoted to supervisory issues as well as the portions intended for all Associates as long as they do so before the revised Series 30 examination becomes available. After the revised Series 30 becomes available, only individuals who were qualified as branch office managers before that date may qualify as security futures principals by taking the training program in lieu of taking a supervisory proficiency exam, and those individuals must take the training program by December 31, ~~2009~~ 2012.

NFA Members and Associates are not required to notify NFA that they have completed a training program. However, Members must be able to demonstrate to NFA during an audit that those registered individuals who are engaging in security futures activities have completed the necessary training. For example, Members could keep records of Associates who attend internal training programs or require Associates to provide certificates of completion for outside training programs.

¹ Section 15A(k)(2)(D) of the Securities Exchange Act of 1934.

² Securities registrants will be subject to these same standards, although the examinations that qualify them to trade security futures products will be different.

EXPLANATION OF PROPOSED AMENDMENTS

At its November 19, 2009 meeting, the Board approved amendments to the Interpretive Notice regarding proficiency requirements for security futures products. At that meeting, the Board also gave the Executive Committee authority to make any changes requested by the CFTC or the SEC. The CFTC and SEC have asked that the proposal adopted by the Board be modified and the Executive Committee has approved the modified proposal.

The Commodity Futures Modernization Act of 2000 amended the Securities Exchange Act of 1934 to require NFA to “have rules that ensure that members and natural persons associated with members meet such standards of training, experience, and competence necessary to effect transactions in security

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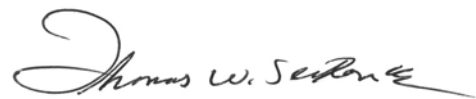
futures products and are tested for their knowledge of securities and securities futures products.”¹

In 2001 NFA and FINRA (then NASD) adopted temporary relief allowing registrants to qualify to engage in security futures activities by completing a training program rather than by taking an exam. The relief was extended twice and is currently set to expire on December 31, 2009.

NFA and FINRA proposed the two prior extensions, and the CFTC and SEC agreed to them, because of the low trading volume in Security Futures Products ("SFPs") and the relatively few registrants engaging in security futures activities. These characteristics continue to make the imposition of a qualifications exam an inefficient option today. Accordingly, the proposal revises the Interpretive Notice to extend the relief from having to take an exam from December 31, 2009 to December 31, 2012.²

As mentioned earlier, NFA is invoking the “ten-day” provision of Section 17(j) of the Commodity Exchange Act. NFA intends to make the amendments to the Interpretive Notice regarding SFP proficiency training 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,



Thomas W. Sexton
Senior Vice President and
General Counsel

¹ Section 15A(k)(2)(D) of the Exchange Act.

² FINRA staff has informed us that FINRA will amend its rules to incorporate the same three-year extension.

* The proposed amendments to the Interpretive Notice regarding SFP Proficiency Training became effective December 28, 2009.