

June 8, 1989

VIA UPS NEXT DAY AIR

Ms. Jean A. Webb  
Secretariat  
Commodity Futures Trading Commission  
2033 K Street, N.W.  
Washington, DC 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 ("the Act"), National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("Commission") proposed amendments to NFA Bylaw 1301. The amendments were approved by NFA's Board of Directors ("the Board") at its meeting on May 25, 1989. NFA intends to make the amendments to NFA Bylaw 1301 effective on July 1, 1989 unless the Commission notifies NFA, within 10 days after receipt of this submission, that the Commission has determined to review the amendments for approval.

- A. Amendments to Bylaw 1301 to lower the assessment fee (additions are underscored and deletions are [bracketed]):

**BYLAWS**

\* \* \*

**CHAPTER 13**

**DUES AND ASSESSMENTS**

**Bylaw 1301. Schedule of Dues and Assessments.**

\* \* \*

(b) FCM Members.

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

- (A) \$0.20 [\$0.24] for each commodity futures contract traded on a contract market (other than an option contract) on a round turn basis, and



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- (B) \$0.12 [\$0.14] 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) \$0.20 [\$0.24] for each commodity futures contract traded on a foreign board of trade (other than an option contract) on a round turn basis, and

- (D) \$0.12 [\$0.14] 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

- (E) \$0.12 [\$0.14] 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:

\* \* \*

B. Explanation of amendments to NFA Bylaw 1301 to lower the assessment fee.

The amendments to NFA Bylaw 1301 reduce the assessment fee from \$.24 to \$.20 per round turn futures contract and from \$.14 to \$.12 per option transaction. It is NFA's objective to maintain sufficient working capital to cover anticipated and foreseeable expenses and to provide a cushion against a

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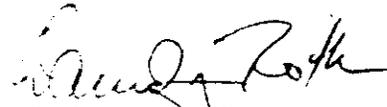
sudden, unforeseen drop in income, thereby ensuring that NFA is able to continue performing its regulatory function in an effective manner.

A year ago NFA reduced the assessment fee with the goal of gradually reducing NFA's working capital to somewhere between \$5 million and \$6 million. While that decrease has slowed the growth of working capital, it has not had the intended effect of reducing it. Therefore, the Board determined that a further reduction is in order.

Based on projections concerning trading volume and public participation over the next two fiscal years, NFA believes that an assessment fee of \$.20 per round turn futures contract and \$.12 per option transaction is appropriate. Although NFA realizes that deviations from such projections are possible, Bylaw 1301(b) provides sufficient flexibility to make temporary mid-course adjustments to the assessment fee in order to maintain working capital at an acceptable level.

As stated above, NFA intends to make the proposed amendments to Bylaw 1301 effective July 1, 1989 unless NFA receives notification that the Commission has determined to review the amendments for approval.

Respectfully submitted,



Daniel J. Roth  
General Counsel

DJR:tyd(kpcD13/34)

cc: Chairman Wendy L. Gramm  
Commissioner Kalo A. Hineman  
Commissioner Fowler C. West  
Commissioner Robert R. Davis  
Commissioner William P. Albrecht  
Andrea M. Corcoran, Esq.  
Dennis P. Klejna, Esq.  
Alan L. Seifert, Esq.  
Susan C. Ervin, Esq.  
Lawrence B. Patent, Esq.



DIVISION OF  
TRADING AND MARKETS

COMMODITY FUTURES TRADING COMMISSION

2033 K STREET, N.W., WASHINGTON, D.C. 20581

(202) 254-8955

(202) 254-6286 FACSIMILE

710-822-8327 TELEX

June 19, 1989

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

Re: Proposed Amendments to National Futures  
Association Bylaw 1301

Dear Mr. Roth:

By letter dated June 8, 1989 and received by the Commission on June 12, 1989, the National Futures Association ("NFA") submitted proposed amendments to Bylaw 1301 which would reduce NFA's transaction assessment fees for futures commission merchants. NFA's submission invoked the "ten day" provision of Section 17(j) of the Commodity Exchange Act ("Act") to permit the proposed amendments to Bylaw 1301 to become effective ten days after Commission receipt unless the Commission determines to review the proposal for approval and so notifies NFA.

Please be advised that the Division of Trading and Markets has examined the proposed amendments to Bylaw 1301 and has determined not to recommend that the Commission review the proposal, as provided under Section 17(j) of the Act.

Sincerely,

  
Andrea M. Corcoran  
Director

RECEIVED  
JUN 22 1989

GENERAL COUNSEL'S OFFICE