

March 28, 1983

Ms. Jane K. Stuckey  
Office of the Secretariat  
Commodity Futures Trading Commission  
2033 K Street, N.W.  
Washington, D.C. 20581

Re: National Futures Association; Proposed  
Amendments to Articles of Incorporation

Dear Ms. Stuckey:

Under Section 17(j) of the Commodity Exchange Act, as amended (the "Act"), National Futures Association ("NFA") hereby files with the Commission and requests review and approval of the following amendments to its Articles of Incorporation, which were approved by unanimous consent of the Incorporators and Provisional Board of Directors dated as of January 31, 1983. In the following text, additions are underscored and deletions bracketed.

Amendments to Articles

ARTICLE III: PURPOSES

Section 1: Fundamental Purposes.

\* \* \*

(a) Public Interest.

The adoption, administration and enforcement as to the following persons of requirements regarding fair practice and designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general, to protect the public interest:

- Members that are registered with the Commission as Futures Commission Merchants, Commodity Pool Operators, [or] Commodity Trading Advisors [;], or Introducing Brokers; and



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- [- Members that are Agents (see Article XVIII) of such Futures Commission Merchants; and]
- Associates (see Article XVIII) [of such Futures Commission Merchants].

\* \* \*

(b) Financial Standards.

Notwithstanding the provisions of Section 2(a) of this Article, the adoption with respect to its Members that are Futures Commission Merchants or Introducing Brokers of financial and related requirements...

\* \* \*

(d) Qualification Standards.

The adoption of appropriate standards with respect to such training, experience and other qualification requirements as NFA deems necessary and appropriate to insure the fitness of Members and Associates; the development and administration of written proficiency examinations of Members and Associates; and, with the approval of the Commission, the administration of the registration of Members, Associates and any other persons required to be registered with the Commission. Such requirements, examinations and registrations adopted by NFA with respect to Associates shall, with the consent of each contract market Member conducting comparable activities, replace and supplant the requirements, examinations and related activities theretofore conducted with respect to Associates by the contract market Member.

\* \* \*

(f) Doing Business with Non-Members.

The prohibition of Members from carrying accounts, accepting orders, or handling transactions, in commodity futures contracts, for or on behalf of any non-Member, or suspended Member, that is required to



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be registered with the Commission as a Futures Commission Merchant, Commodity Pool Operator [or], Commodity Trading Advisor[, ] or [that is an Agent,] Introducing Broker and that is acting in respect to the account, order, or transaction for a customer, a commodity pool or participant therein, a client of a commodity trading advisor, or any other person, unless (i) such non-Member is a member of another futures association registered under Section 17 of the Act or is exempted from this prohibition by the Board or (ii) such suspended Member is exempted from this prohibition by the Board or a committee thereof.

\* \* \*

#### ARTICLE VI: MEMBERS

##### Section 1: Membership Eligibility.

Persons eligible to become NFA Members shall include:

- (a) any person registered with the Commission;
- (b) any contract market;
- [(c) any Agent (as defined in Article XVIII);]
- [d] (c) any person designated by Commission Rule as eligible for NFA membership; and
- [e] (d) any and all other persons engaged in a business related to the commodity futures industry,

unless such person is excluded from NFA Membership by NFA Bylaw.

\* \* \*

#### ARTICLE X: NOMINATING COMMITTEE

\* \* \*

##### Section 3: Selection of Committee Members.

- [(a) Initial Nominating Committee.



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Notwithstanding the provisions of Sections 1 and 2 above, the members of the initial Nominating Committee shall be the provisional Board of Directors elected by the Incorporators of NFA.]

[(b) Subsequent Nominating Committees.]

Each Sub-Committee of the Nominating Committee shall nominate, for each position to be filled on the Nominating Committee, one eligible individual for election by the Members to that Sub-Committee for the following term. Additional nominations may be made for each such position by petition in the manner set forth in Article VII, Section 3. The procedures for such election shall be the same as those prescribed in Article VII, Section 3. No person shall be nominated or elected to the Nominating Committee who has served on the Nominating Committee during any of the preceding three terms, and no person shall be nominated or elected to the Nominating Committee who, at the time of such nomination or election, is a Director.

[(c) Vacancies.]

Any vacancy that occurs on the Nominating Committee shall be filled by the Board from among persons eligible under this Article to serve thereon.

\* \* \*

ARTICLE XVI: MISCELLANEOUS

[Section 5: Provisional Board of Directors.]

All corporate powers of NFA shall be exercised by the provisional Board of Directors elected by the Incorporators of NFA, until such time as the Board of Directors under Article VII, Section 2 is constituted and assumes office in the manner prescribed in these Articles and the Bylaws.]



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ARTICLE XVII: ADOPTION, AMENDMENT AND REPEAL  
OF ARTICLES

No provision of these Articles may be adopted, amended or repealed except in the manner prescribed in this Article. Each such proposed change to the Articles shall be reviewed by the Board, and shall be submitted to the Members of NFA only upon ratification of the proposal by two-thirds of the Directors in the category set forth in Section 2(a) of Article VII (contract markets), and a majority of the Board members in each of the two categories set forth in Section 2(b) and 2(c) of that Article (FCMs and Industry Participants). If any such proposed change relates to Article III, Section 2, such proposed change shall not be considered by the Board for ratification unless at least 60 days written notice of the proposed change has been given to each contract market Member. Upon such ratification, the proposal shall be submitted to a ballot vote of the Members and shall be adopted upon the affirmative vote of a majority of Members in each of the categories set forth in Sections 2(a) through 2(c) of Article VII.

[Notwithstanding anything contained in these Articles (including this Article XVII) to the contrary, so long as all corporate powers of NFA are exercised by the provisional Board of Directors pursuant to Section 5 of Article XVI, the provisional Board of Directors shall be the governing body of NFA and these Articles may be adopted, amended or repealed solely by the provisional Board of Directors in the manner prescribed by the General Corporation Law of the State of Delaware.]

\* \* \*

ARTICLE XVIII: DEFINITIONS

ARTICLE XVIII is amended by deleting subsection (c) in its entirety; redesignating subsections (d) through (n) as subsections (c) through (m) and adding new subsections (c) and (n) as follows:

\* \* \*

(c) "Associate" - means a person who is associated with a Member within the meaning of the term "associated person" as used in Section 4(k) of the Commodity



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Exchange Act and who is required to be registered as an "associated person" with the Commodity Futures Trading Commission; and any other person designated by the Board to be an Associate.

\* \* \*

(n) "Introducing Broker" - means an introducing broker as that term is used in the Commodity Exchange Act and that is required to be registered as such under the Act and Commission Rules.

\* \* \*

#### Explanation of Amendments to Articles

##### Article III

The Futures Trading Act of 1982 requires the amendments to subsections (a), (b) and (f) of Section 1 which add appropriate references to Introducing Brokers and delete references to Agents of Futures Commission Merchants. The amendment to subsection (d) of Section 1 reflects the requirements of new section 17(p) of the Act and authorizes NFA to accept the registration responsibilities which may be delegated to NFA under new Sections 17(o) and 8a(10) of the Act.

##### Article VI

The amendment to Section 1 reflects deletion of the category of Membership for Agents of Futures Commission Merchants required by the Futures Trading Act of 1982.

##### Articles X, XVI and XVII

These amendments delete references to the role of the Provisional Board of Directors which have become obsolete with the installation of the Member elected Board of Directors.

##### Article XVIII

The proposed amendments are necessary to expand the definition of Associate to include those additional persons required to be registered as associated persons under the recent amendment to section 4k of the Act and to incorporate the new category of Introducing Broker.




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NFA respectfully requests that the foregoing amendments to the Articles of Incorporation be declared effective upon approval by the Commission.

Very truly yours,

NATIONAL FUTURES ASSOCIATION

by:

  
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Joseph H. Harrison, Jr.  
General Counsel and Secretary

JHH:ep

cc: Chairman Philip McBride Johnson  
Commissioner Susan M. Phillips  
Commissioner Kalo A. Hineman  
Commissioner Fowler C. West  
Andrea M. Corcoran  
Theodore W. Urban

UNITED STATES OF AMERICA  
COMMODITY FUTURES TRADING COMMISSION

2033 K Street, N.W.  
Washington, D.C. 20581



APR 18 1983

April 14, 1983

Mr. Joseph E. Harrison, Jr.  
General Counsel and Secretary  
National Futures Association  
200 West Madison Street  
Chicago, Illinois 60606

Re: Amendments to NFA Articles III, VI, X, XVI, XVII, and  
XVIII

Dear Mr. Harrison:

By letter dated March 28, 1983 NFA submitted the above proposed amendments. This is to inform you that the Commission approved these amendments on April 14, 1983. The Commission understands that these amendments are to be effective immediately.

Very truly yours,

*Jane K. Stuckey*  
Jane K. Stuckey  
Secretary of the Commission