

May 27, 1994

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 Financial Requirements Section 10 and NFA Registra-
tion Rule 204(d)

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 Financial Requirements Section 10 and NFA Registration Rule 204(d). The amendments were approved by NFA's Board of Directors on May 19, 1994. NFA respectfully requests Commission review and approval of the proposed amendments.

THE PROPOSED AMENDMENTS

- A) **Proposed Amendments to NFA Financial Requirements Section 10 (additions are underscored and deletions are bracketed):**

FINANCIAL REQUIREMENTS

* * *

Section 10. Introducing Broker Reporting Requirements.

- (a) A Member IB which knows or should have known that its adjusted net capital is less than the amount required by Section 9 or by the capital rule of any self-regulatory organization to which it is subject, must give telegraphic notice to NFA within 24 hours.
- (b) A Member IB which fails to make or keep current the books and records required to be kept under CFTC Regulations 1.18 and 1.32 through 1.37 must, on the same day this event occurs, give telegraphic notice to NFA.



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[(b)](c) A Member IB must file with NFA the financial reports required under CFTC Regulation 1.10(b) (1) and (2).

[(c)](d) A Member IB which is also a securities broker or dealer may in lieu of a Form 1-FR file a copy of its Financial and Operational Combined Uniform Single Report under the Securities Exchange Act of 1934, Part II or Part IIA, in accordance with CFTC Regulation 1.10(h). A Member IB which is also a country elevator may file a copy of a financial report prepared by a grain commission firm in accordance with CFTC Regulation 1.10(i).

[Note: CFTC Regulation 1.10(b) (1) generally requires IBs to file financial reports on a semi-annual basis. In accordance with CFTC Regulation 1.10(b) (3), Section 10 requires that each Member IB for which NFA is DSRO which files financial reports must file such reports with NFA with a copy to the CFTC.]

(e) A Member IB which violates either CFTC Regulation 1.10 or 1.12 shall be deemed to have violated an NFA requirement.

* * *

B) Proposed Amendments to NFA Registration Rule 204(d) (additions are underscored and deletions are bracketed):

REGISTRATION RULES

* * *

Rule 204. Registration of Futures Commission Merchants, Introducing Brokers, Commodity Pool Operators, Commodity Trading Advisors and Leverage Transaction Merchants.

* * *

(d) Annual Filings and Registration Fees. On an annual basis, NFA shall provide each futures commission merchant, introducing broker, commodity pool operator, commodity trading advisor, and leverage transaction



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merchant registered in accordance with this Rule with a printout of its Form 7-R currently on file with NFA. The registrant shall review the information contained in such pre-printed Form 7-R, make any necessary corrections or changes to such information and submit the pre-printed Form 7-R to NFA on the date specified thereon accompanied by the required annual update fee pursuant to Rule 203(a)(8). NFA shall deem the failure to file the Form 7-R and pay the required annual update fees and any other outstanding registration fees within 30 days following such date a request to withdraw from registration, and shall notify the registrant accordingly.

EXPLANATION OF PROPOSED AMENDMENTS

A) NFA Financial Requirements Section 10

As the Commission is aware, the capital requirements of IBs were recently amended to provide for a sliding scale capital requirement based on the size of an IB's business operation. In conjunction with this amendment, IB capital requirements and reporting requirements were separated into two sections, Section 9 and Section 10, respectively, of NFA's Financial Requirements. The proposed technical amendment to Section 10 of NFA's Financial Requirements clarifies that an IB is still required to file telegraphic notice with NFA if it fails to maintain current books and records.

B) NFA Registration Rule 204(d)

In 1992 NFA imposed a late fee for Forms 8-T which are not filed within 20 days of the termination of the associated person or the principal who was the subject of the Form 8-T. Although this has reduced the number of late 8-T filings, NFA has been experiencing a problem collecting the late fees owed by some firms. The proposed amendment to NFA Registration Rule 204(d) provides that failure to pay the annual update fee and any other outstanding registration fees within 30 days of the date the annual update is requested will be deemed a request to withdraw from registration.

NFA respectfully requests that the Commission review and approve the proposed amendments to NFA Financial Requirements

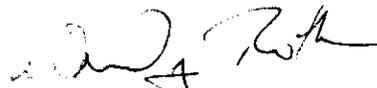


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Section 10 and NFA Registration Rule 204(d). NFA requests that the amendments be declared effective upon Commission approval.

Respectfully submitted,


Daniel J. Roth
General Counsel

DJR:ckm(sub\051994)

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

August 2, 1994

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 Financial Requirements Section 10

Dear Ms. Webb:

By letter dated May 27, 1994, National Futures Association ("NFA") submitted to the Commodity Futures Trading Commission ("CFTC") for its review and approval proposed amendments to NFA Financial Requirements Section 10. It has come to our attention that Section 10(b) contains some incorrect references to CFTC Regulations. The correct version of the proposed amendments to Section 10 follows and should replace the text contained in the May 27, 1994 submission letter. (Additions to NFA's current requirements are underscored and deletions are bracketed.)

FINANCIAL REQUIREMENTS

* * *

Section 10. Introducing Broker Reporting Requirements.

- (a) A Member IB which knows or should have known that its adjusted net capital is less than the amount required by Section 9 or by the capital rule of any self-regulatory organization to which it is subject, must give telegraphic notice to NFA within 24 hours.
- (b) A Member IB which fails to make or keep current the books and records required to be kept under CFTC Regulations 1.18, 1.35 and 1.37 must, on the same day this event occurs, give telegraphic notice to NFA.
- [(b)](c) A Member IB must file with NFA the financial reports required under CFTC Regulation 1.10(b)(1) and (2).



Ms. Jean A. Webb

August 2, 1994

[(c)](d) A Member IB which is also a securities broker or dealer may in lieu of a Form 1-FR file a copy of its Financial and Operational Combined Uniform Single Report under the Securities Exchange Act of 1934, Part II or Part IIA, in accordance with CFTC Regulation 1.10(h). A Member IB which is also a country elevator may file a copy of a financial report prepared by a grain commission firm in accordance with CFTC Regulation 1.10(i).

{Note: CFTC Regulation 1.10(b)(1) generally requires IBs to file financial reports on a semi-annual basis. In accordance with CFTC Regulation 1.10(b)(3), Section 10 requires that each Member IB for which NFA is DSRO which files financial reports must file such reports with NFA with a copy to the CFTC.}

(e) A Member IB which violates either CFTC Regulation 1.10 or 1.12 shall be deemed to have violated an NFA requirement.

* * *

Respectfully submitted,

Daniel J. Roth
General Counsel

(e:\kpc\FR10.sub)

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

UNITED STATES OF AMERICA
COMMODITY FUTURES TRADING COMMISSION

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

October 5, 1994



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

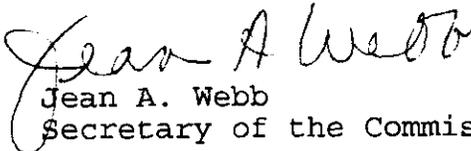
Re: The National Futures Association's Proposed
Amendments to Financial Requirements Section
10 and Registration Rule 204(d)

Dear Mr. Roth:

By letter dated May 27, 1994, the National Futures Association ("NFA") submitted to the Commission for its approval the above-reference proposed amendments pursuant to Section 17(j) of the Commodity Exchange Act ("Act").

Please be advised that on this date the Commission has determined to approve the above-referenced proposed rule amendments pursuant to Section 17(j) of the Commodity Exchange Act.

Sincerely,


Jean A. Webb
Secretary of the Commission

