

September 4, 1990

Via Airborne Express

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
2033 K Street, N.W.
Washington, D.C. 20581

Re: National Futures Association: Proposed Amendment to
NFA Registration Rule 203

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 Registration Rule 203 which were approved by NFA's Board of Directors ("the Board") at its meeting on August 16, 1990. NFA intends to make the proposed amendments to NFA Registration Rule 203 effective ten days after receipt of this submission by the Commission unless the Commission notifies NFA, within the ten-day period, that the Commission has determined to review the amendment for approval.

- A. Amendments to NFA Registration Rule 203 to raise the application fee for associated persons ("APs") from \$35.00 to \$40.00 and raise the application fee for floor brokers from \$30.00 to \$35.00 (additions are underscored and deletions are [bracketed]):

* * *

Rule 203. Registration Fees.

(a) Amount.

- (1) **Associated Person.** Each Form 8-R submitted in connection with the registration of an associated person must be accompanied by a fee of [~~\$35~~] \$40.

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- (6) **Floor Broker.** Each application for registration as a floor broker must be accompanied by a fee of [~~\$30~~] \$35.



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- B. Explanation of amendments to NFA Registration Rule 203 to raise the application fee for APs from \$35.00 to \$40.00 and raise the application fee for floor brokers from \$30.00 to \$35.00.

On February 15, 1990, in response to the Federal Bureau of Investigation's ("FBI") increase in its charge for processing fingerprints from \$14.00 to \$20.00 which became effective March 1, 1990, the Board approved a proposed amendment to NFA Registration Rule 203 to raise the then current Form 8-R application fee from \$30.00 to \$35.00. In addition, the Board authorized NFA to request that the Commission amend CFTC Regulation 3.3 to raise the application fee for floor brokers from \$25.00 to \$30.00.

That proposed amendment to NFA Registration Rule 203 was submitted by NFA to the Commission for its review and approval by letter dated March 12, 1990. The Commission recently approved such proposed amendment on August 3, 1990. In addition, by letter dated February 22, 1990, NFA requested that the Commission amend CFTC Regulation 3.3 to raise the application fee for floor brokers from \$25.00 to \$30.00. After further consideration and discussions with Commission staff, NFA decided that it would be less cumbersome for NFA to set floor broker fees directly. The Board voted at its last meeting to amend NFA Registration Rule 201 to allow NFA to set the application fees for floor brokers. Additionally, the Board voted to amend NFA Registration Rule 203 to set the application fee for floor brokers at \$30.00. These proposed amendments were also recently approved by the Commission.

The FBI has now notified NFA that, effective October 1, 1990, its charge for processing fingerprints will increase again from \$20.00 to \$23.00. NFA processes approximately 14,000 to 15,000 AP and floor broker applications per year. Based on this volume, the FBI's most recent fee increase from \$20.00 to \$23.00 will cost NFA between \$42,000 and \$45,000 in additional payments per year to the FBI. The Board believes that this increase should be passed on to AP and floor broker applicants.

Accordingly, NFA is proposing to raise the application fee for both APs and floor brokers by an additional \$5.00 in response to the FBI's most recent processing fee increase of \$3.00. While NFA's increase is \$2.00 greater than that of the FBI, it should be noted that in 1987, when the FBI raised its fingerprint processing fees from \$12.00 to \$14.00 per fingerprint



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card, NFA did not raise its application fees to offset this increase. Additionally, in March of 1990, when the FBI increased its fee by \$6.00, NFA only raised the application fees for APs and floor brokers by \$5.00. Thus, although the FBI has increased its fingerprint processing fees by a total of \$11.00 over the past three years, NFA will have only raised its application fees by a total of \$10.00 during the last several months in order to offset these fee increases. Therefore, the Board adopted the proposed amendment to NFA Registration Rule 203.

As previously noted, the Commission recently approved proposed amendments to NFA Registration Rule 203, which amendments raised the application fee for APs and floor brokers to \$35.00 and \$30.00, respectively. Since a further increase was being considered, NFA did not implement that increase at that time. NFA intends to concurrently implement both sets of application fee increases.

As stated above, NFA intends to make the proposed amendments to NFA Registration Rule 203 effective ten days after receipt of this submission by the Commission unless NFA receives notification that the Commission has determined to review the amendments for approval.

Respectfully submitted,

Daniel J. Roth
General Counsel

cc: Chairman Wendy L. Gramm
Commissioner Kalo A. Hineman
Commissioner Fowler C. West
Commissioner William P. Albrecht
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September 17, 1990

Mr. Daniel J. Roth
General Counsel
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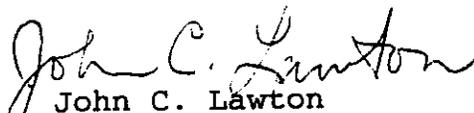
Re: Proposed Amendment to NFA Registration
Rule 203

Dear Mr. Roth:

By letter dated September 4, 1990, and received by the Commission on September 5, 1990, the National Futures Association ("NFA") submitted the above-referenced proposal to the Commission. NFA's submission invoked the "ten-day" provision of Section 17(j) of the Commodity Exchange Act ("Act") to permit the above-referenced proposal 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 above-referenced proposal and has determined not to recommend that the Commission review the proposal, as provided under Section 17(j) of the Act.

Very truly yours,


John C. Lawton
Associate Director

