

September 3, 2013

Via Federal Express

Ms. Melissa Jurgens
Secretary
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: National Futures Association: Rules to Govern the Conduct of Swaps
Dealers and Major Swap Participants- Proposed Adoption of NFA
Compliance Rule 2-49*

Dear Ms. Jurgens:

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”) the proposed adoption of NFA Compliance Rule 2-49 regarding the rules to govern the conduct of swaps dealers and major swap participants. NFA’s Board of Directors (“Board”) approved the proposal on August 15, 2013, and NFA respectfully requests Commission review and approval of the proposal.

**PROPOSED AMENDMENTS
(additions are underscored)**

COMPLIANCE RULES

**PART 2 – RULES GOVERNING THE BUSINESS CONDUCT OF MEMBERS
REGISTERED WITH THE COMMISSION**

**RULE 2-49. SWAP DEALERS AND MAJOR SWAP PARTICIPANTS
REGULATIONS**

- (a) Any Swap Dealer or Major Swap Participant Member that violates CFTC Regulation 3.3 or any requirement under Part 23 of the CFTC's regulations, as applicable, shall be deemed to have violated an NFA Requirement.
- (b) A Swap Dealer or Major Swap Participant Member must promptly submit to NFA upon request any reports, documents or notices, including those required under CFTC Regulation 3.3 or Part 23 of the CFTC's regulations, and any other supplemental information.

EXPLANATION OF PROPOSED AMENDMENTS

As of August 16, 2013, 81 Swap Dealers (SD) and 2 Major Swap Participants (MSP) have been granted provisional registration. CFTC Regulation 170.16 requires each firm registered as an SD or MSP to be a member of a registered futures association, and therefore, a Member of NFA. At the time the Commission adopted Regulation 170.16, it noted that it expected NFA to adopt rules for SD and MSP Members that were at least as stringent as the Commission's 4s Implementing Regulations, and that NFA would actively oversee these Members to monitor their compliance with those rules.¹ Although NFA has begun the process of reviewing existing NFA Compliance Rules to identify areas that should apply to SD and MSP Members, none of those Compliance Rules directly address the Commission's 4s requirements.

In order for NFA to meet its oversight responsibilities and enforce the requirements of the CFTC's 4s Implementing Regulations, the adoption of Compliance Rule 2-49 would specifically provide that any violation by an SD or MSP Member of CFTC Regulation 3.3 (Chief Compliance Officer Requirements) or the Part 23 Regulations, as applicable, would be deemed a violation of an NFA requirement. In determining whether a Member violated NFA Compliance Rule 2-49, NFA would consider Commission staff issued no-action relief and other CFTC conditions impacting the particular CFTC requirement.

¹ See *Registration of Swap Dealers and Major Swap Participants*, 77 FR 2613 (January 19, 2012), at 2619.

Ms. Melissa Jurgens

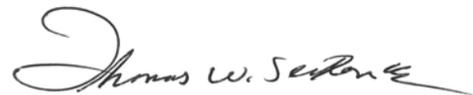
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Proposed NFA Compliance Rule 2-49 is consistent with NFA Compliance Rules 2-13, 2-26 and 2-36, where NFA adopted certain other CFTC regulations by reference applicable to CPO/CTAs, FCMs/IBs and FDMs, respectively.

SDs and MSPs are also required to submit a number of reports and notices to the CFTC on a regular basis. Although NFA does not currently plan to require any of these reports on a regular basis, NFA Compliance Rule 2-49 will permit NFA to obtain from SD and MSP Members upon request any reports (i.e., CCO annual report, quarterly risk exposure report), documents or notices, including those required under CFTC Regulation 3.3 or Part 23 of the CFTC's regulations, and any other supplemental information.

NFA respectfully requests that the Commission review and approve the adoption of NFA Compliance Rule 2-49.

Respectfully submitted,



Thomas W. Sexton
Senior Vice President and
General Counsel

* The proposed adoption of NFA Compliance Rule 2-49 is effective December 19, 2013.