



NATIONAL FUTURES ASSOCIATION

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RECORDS SECTION March 7, 2005

(Via E-Mail: secretary@cftc.gov)

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

COMMENT

2005 MAR -7 AM 11:12

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C.F.T.C.

Re: Investment of Customer Funds and Record of Investments
Proposed Amendments to Rule 1.25

Dear Ms. Webb:

NFA supports the Commission's proposed amendments to its regulations regarding the investment of customer funds and related recordkeeping requirements. These amendments should provide FCMs and DCOs with an opportunity to earn a better yield on customer funds by expanding the types of investment products permitted for customer funds investments. Hand in hand with this opportunity for greater yield, the Commission's proposed amendments also ensure that these new products do not expose customer funds to an unacceptable level of risk.

NFA also encourages the Commission to be responsive to comments from the industry regarding this proposal. NFA understands that the Futures Industry Association ("FIA") and the Commission have had a recent dialogue regarding permitted benchmarks and certain recordkeeping requirements. Similar to FIA, NFA encourages the Commission to expand the permitted benchmarks for both floating rate securities and variable rate securities. Additionally, NFA encourages the Commission to clarify the proposal's recordkeeping obligations for FCMs to the extent that the valuation of the investments is performed by custodial banks, dealers and an FCM's internal models.

NFA applauds the Commission for its willingness to work with industry representatives in developing these proposed amendments that provide greater flexibility for the industry while maintaining the same level of protection for customers.

Very truly yours,

Thomas W. Sexton, III
Vice President and General
Counsel

(caw:customerfundcommentletter)

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