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**COMMENT**

March 17, 1999

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**BY FACSIMILE AND OVERNIGHT MAIL**

Ms. Jean A. Webb  
Secretary of the Commission  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

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RECORDS SECTION

1999 MAR 18 P 2: 55

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Re: Commission Rules 30.5 and 30.6

Dear Ms. Webb:

National Futures Association ("NFA") welcomes this opportunity to comment on the Commission's proposed amendments to Commission Rules 30.5 and 30.6 which appeared in the January 11, 1999 Federal Register.

NFA applauds the Commission for proposing amendments to the Part 30 Rules which should result in greater use of the registration exemption available under Commission Rule 30.5. As the Commission noted in the proposing release, foreign registrants have made very limited use of this exemption, which may be due in part to Commission staff's requirement that 30.5 exempt registrants could not deal with any U.S. customers who were not QEPs or QECs. These amendments should provide CPOs/CTAs and IBs with greater opportunity to avail themselves of this exemption, without sacrificing any of the regulatory protections provided by the Part 30 Rules.

NFA also wishes to express its readiness to assume the additional responsibilities related to the application for exemption which are contemplated by the Commission's amendments. These additional responsibilities are in line with NFA's current duties. NFA is fully prepared to act as the repository for and check the completeness of the applications of foreign firms requesting the 30.5 exemption and to review and approve disclosure documents for foreign CPOs/CTAs doing business with U.S. participants and clients who are not QEPs/QECs.

Although the proposed amendments are a significant improvement over the current Part 30 structure, NFA believes that the proposed amendments could go even farther in opening up foreign markets to U.S. customers. First, NFA recommends



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March 17, 1999

that the Part 30.5 exemption remain self-effectuating. Since NFA's role in approving the Petition is to ensure its completeness rather than its accuracy, NFA sees little benefit to making applicants wait for formal approval of their Petition.

NFA also recommends that the Commission reconsider requiring CPOs and CTAs to provide foreign futures and foreign option customers who are QEPs and QECs with risk disclosure statements involving trading in foreign futures and foreign options required by CFTC Rules 4.24(b)(2) and 4.34 (b)(2), respectively. Registered CPOs and CTAs are not required to provide risk disclosure about domestic transactions to Rule 4.7 entities, and we do not see any regulatory reason to treat QEPs and QECs differently when it comes to foreign transactions.

In summary, NFA believes the proposed amendments, with the modifications suggested above, will improve the Part 30 regulatory framework. We are ready to assist the Commission in implementing these changes.

Very truly yours,

A handwritten signature in cursive script that reads "Daniel J. Roth" followed by a horizontal flourish.

Daniel J. Roth  
Vice President and General Counsel

/nam(LTRS:Webb1.caw)