



NATIONAL FUTURES ASSOCIATION

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Ms. Jean A. Webb  
Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

**COMMENT**

Re: Minimum Financial Requirements for FCMs and Independent IBs;  
Amendments to the Provisions Governing Subordination Agreements  
Included in the Net Capital of an FCM or Independent IB.

Dear Ms. Webb:

In the June 2, 2000 Federal Register, the Commodity Futures Trading Commission ("Commission") requested comments on its proposed amendments to certain provisions contained in CFTC Regulation 1.17(h), which governs the net capital treatment of subordination agreements. 65 Fed. Reg. 35304. National Futures Association ("NFA") welcomes the opportunity to comment on the proposed amendments.

NFA strongly supports the proposed amendments to Commission Regulation 1.17(h)(2)(vii)(c) and (3)(vi). NFA further believes that the Commission in drafting the proposed amendments has significantly eased the regulatory burden imposed upon self-regulatory organizations ("SROs"), futures commission merchants ("FCMs") and independent introducing brokers ("IBs") by allowing SROs, subject to certain conditions, to rely upon a securities designated examining authority's ("DEA") review and approval of a proposed subordination agreement, prepayment of a subordinated loan, or reduction in the outstanding principal balance of a secured demand note submitted by a dually-registered FCM or IB.

In conclusion, NFA applauds the Commission for working with the Joint Audit Committee in drafting these proposed amendments.

Sincerely,

Daniel A. Driscoll  
Executive Vice President,  
Chief Compliance Officer