



PAC 7-1/17

July 21, 2008

Via Overnight Mail

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

OFFICE OF THE SECRETARIAT
CFTC
JUL 22 11 59 AM '08

Re: Petition for Rulemaking to Amend Certain CFTC Part 4 Regulations

Dear Mr. Stawick:

National Futures Association (NFA) respectfully petitions the Commission under CFTC Regulation 13.2 to amend CFTC Regulations 4.26 and 4.36. NFA petitions the Commission to amend these regulations in order to require that CPO and CTA registrants file disclosure documents electronically through NFA's electronic disclosure document filing system. The information required by CFTC Regulation 13.2 follows.

I. Text of Proposed Rule Amendments [additions are underlined deletions are ~~stricken through~~]

Part 4- COMMODITY POOL OPERATORS AND COMMODITY TRADING ADVISORS

§ 4.26 Use, amendment and filing of Disclosure Document.

(d) Except as provided by 4.8:

(1) The commodity pool operator must electronically file with the National Futures Association, pursuant to the electronic filing procedures of the National Futures Association, ~~one copy of~~ the Disclosure Document and, where used, profile document for each pool that it operates or that it intends to operate not less than 21 calendar days prior to the date the pool

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Mr. David Stawick

July 21, 2008

operator first intends to deliver such Document or documents to a prospective participant in the pool; and

(2) The commodity pool operator must electronically file with the National Futures Association, pursuant to the electronic filing procedures of the National Futures Association, ~~one copy~~ of the subsequent amendments to the Disclosure Document and, where used, profile document for each pool that it operates or that it intends to operate within 21 calendar days of the date upon which the pool operator first knows or has reason to know of the defect requiring the amendment.

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§ 4.36 Use, amendment and filing of Disclosure Document.

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(d) (1) The commodity trading advisor must electronically file with the National Futures Association, pursuant to the electronic filing procedures of the National Futures Association, ~~one copy~~ of the Disclosure Document for each trading program that it offers or that it intends to offer not less than 21 calendar days prior to the date the trading advisor first intends to deliver the Document to a prospective client in the trading program; and

(2) The commodity trading advisor must electronically file with the National Futures Association, pursuant to the electronic filing procedures of the National Futures Association, ~~one copy~~ of the subsequent amendments to the Disclosure Document for each trading program that it offers or that it intends to offer within 21 calendar days of the date upon which the trading advisor first knows or has reason to know of the defect requiring the amendment.



Mr. David Stawick

July 21, 2008

II. Supporting Arguments

Currently, while there is nothing to prohibit a firm from filing a disclosure document in hardcopy form, the vast majority of CPO and CTA registrants file disclosure documents with NFA primarily via electronic mail due to its expediency and convenience. While the use of electronic mail has been a significant improvement over hardcopy submissions in terms of filing efficiency, the current approach still requires a considerable amount of staffing resources and has other disadvantages, e.g., the inability of registrants to obtain the status of the review of their filing without calling NFA and the lack of a central location for storing past filings. Accordingly, NFA has developed a new internet-based electronic filing system for disclosure documents that will be significantly less resource intensive while also streamlining and enhancing the filing process for registrants. In order to realize the proposed benefits, however, registrants must be required to file their documents electronically through NFA's new system. Consequently, NFA is petitioning the Commission to amend its regulations accordingly.

As with NFA's other electronic filing systems, e.g., Easyfile for introducing broker and CPO financial statements, NFA's new electronic disclosure document filing system was designed to be easy to use and secure. Although an internet connection is needed to access the system, filers without internet access can use any public internet site, such as those available in most public libraries. Registrants will access the system using the same designated login and password that they use for NFA's Online Registration System ("ORS"). The ORS login process is a well tested authentication model with which participating registrants are already familiar. NFA has taken great care in the development of this system to ensure that the database of disclosure document filings will not be compromised in any way by unauthorized persons.

Once registrants have accessed the system they will be guided through the filing process, which culminates in the electronic transfer of the disclosure document through the secure web-based gateway. The system includes extensive help text to assist registrants with their filings, and the filing process includes a series of questions that will assist in identifying the type of filing as well as provide important background



Mr. David Stawick

July 21, 2008

information to assist NFA staff with the analysis of the document itself. After the document is submitted, the system will automatically assign it to an available NFA analyst. By accessing the system, registrants will be able to track the status of their filing and receive comment letters as they are issued. Additionally, the system will serve as an electronic filing cabinet for registrants since it will maintain all previous filings and related comment letters filed through the system.

As noted above, to implement NFA's electronic disclosure document filing system, the CFTC must modify its regulations to require the mandatory filing of disclosure documents through NFA's electronic filing system and eliminate the ability to file hard copy documents. Accordingly, NFA respectfully petitions the Commission to amend Regulations 4.26 and 4.36 as set out above.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tom Sexton", with a large, looping flourish at the end.

Thomas W. Sexton, III
Vice President,
General Counsel and Secretary

cc: Ananda K. Radhakrishnan
Director
Division of Clearing & Intermediary Oversight

William Penner
Deputy Director, Compliance and Registration
Division of Clearing & Intermediary Oversight