



April 23, 2007

By E-Mail ([rule-comments@sec.gov](mailto:rule-comments@sec.gov))

Ms. Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

Re: File No. S7-06-07; Proposed Rule Changes of Self-Regulatory  
Organizations

Dear Ms. Morris:

National Futures Association (NFA) is a limited purpose national securities association under Section 15A(k) of the Securities Exchange Act of 1934 (Exchange Act) and a registered futures association under the Commodity Exchange Act (CEA). We welcome the proposed rules and look forward to their quick implementation.

As you know, NFA and the notice-registered exchanges file all rule changes with the Commodity Futures Trading Commission (CFTC) as required by the CEA and CFTC rules. Under Sections 6(g)(4)(B), 15A(k)(3), and 19(b)(7) of the Exchange Act, NFA and the notice-registered exchanges must file certain rule changes affecting security futures products with the Securities and Exchange Commission (SEC or Commission) contemporaneously with the CFTC filing. In most cases those changes become effective as provided in the CEA and without formal SEC approval.

Electronic filing will make the SEC filing process cheaper and more efficient for NFA. As we noted in our June 4, 2004 comment letter on File No. S7-18-04, the current paper filing process is cumbersome and inefficient, and NFA would prefer to file Form 19b-7 electronically.<sup>1</sup> We believe that other SROs who file on Form 19b-7, and

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<sup>1</sup> File No. S7-18-04 proposed that SROs that file their rule changes on Form 19b-4 do so electronically. Since NFA files its rule changes on Form 19b-7, it does not receive the benefits of the 2004 electronic filing requirements.

Commission staff who review those filings, would also benefit from the electronic filing process. Therefore, we fully support the Commission's efforts to extend the electronic rule-filing requirements to Form 19b-7 filers.

The Commission requested comments on whether it should adopt an exception to the electronic filing requirement for Exhibit 5, which is the submission letter or certification sent to the CFTC. Although we currently file these submissions on paper with a manual signature, scanning software is relatively cheap and easy to use. NFA regularly turns hard copies into pdf documents, and we prefer submitting Exhibit 5 to the Commission in this format. Therefore, we do not see a need for specific exceptions for Exhibit 5. The Commission should, however, reserve general exemptive authority to allow paper filings for all or part of a rule filing in unusual situations.

The Commission also requested comment on whether the proposed amendment would create additional costs or other burdens for SROs that submit Form 19b-7. As noted above, we believe the amendment will reduce those costs and burdens.

Proposed Rule 19b-7(f) would require NFA to maintain all rule filings for 60 days after the CFTC dismisses review or approves the filing. It would also require us to remove any proposed rule change that was improperly filed or withdrawn. We would like clarification on two aspects of this proposal.

NFA currently posts all CFTC submission letters on its website within one business day after they are submitted, and we are in the process of creating a separate section for posting SEC rule filings. We do not remove filings from the CFTC submission letter section, although we do note the effective date or if a submission has been withdrawn.<sup>2</sup> We leave these filings on the website to give users historical information on NFA rule changes for research or other purposes. The fact that a particular rule was proposed and then withdrawn can also provide insight into the regulatory landscape.

While we do not object to removing withdrawn filings from the SEC rule-filing section of the website, we would like confirmation that we are not required to eliminate the corresponding CFTC submission letter. We could then continue to provide a complete history on the CFTC submission letter section of the website, noting the status of each submission. We would also like clarification as to whether we are allowed to keep other submissions on the SEC section of the website after the sixty days has expired.

We appreciate the provision in Rule 19b-7(g) that pegs the obligation to update our on-line manual to the CFTC's action in dismissing review of or approving the proposed rules. This language codifies a no-action letter that NFA received from SEC staff on April 11, 2005 in connection with the application of Rule 19b-4(m). We suggest, however, that the language be further modified to base the filing deadline on the receipt

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<sup>2</sup> We also post amendments as separate submission letters without removing the earlier submissions.

of the CFTC's notice that it has dismissed review or approved the rule. Since the CFTC does not have an electronic rule-filing system, we do not always receive immediate notification.

Although NFA is anxious to begin this process, we ask the Commission to make the final rules effective 30 days after they are published in the *Federal Register*. This will give NFA time to ensure that its staff is appropriately trained in the electronic rule-filing process and to implement the SEC rule-filing section of the website.

If you have any questions concerning this letter, please contact me (312-781-1413 or [tsexton@nfa.futures.org](mailto:tsexton@nfa.futures.org)) or Kathryn Camp (312-781-1393 or [kcamp@nfa.futures.org](mailto:kcamp@nfa.futures.org)).

Respectfully submitted,

Thomas W. Sexton  
Vice President and General Counsel