

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57142; File No. SR-NFA-2007-07)

January 14, 2008

Self-Regulatory Organizations; National Futures Association; Notice of Filing and Immediate Effectiveness of Proposed Amendments to Compliance Rules 2-7 and 2-30 and the Interpretive Notices Entitled “NFA Compliance Rule 2-4: Confidentiality Language in Release Agreements,” “Compliance Rule 2-9: Enhanced Supervisory Requirements,” “Compliance Rule 2-9: Special Supervisory Requirements for Members Registered as Broker-Dealers Under Section 15(b)(11) of the Securities Exchange Act of 1934,” “NFA Compliance Rule 2-37: Fair Commissions,” “NFA Compliance Rules 2-7 and 2-24 and Registration Rule 401: Proficiency Requirements for Security Futures Products,” and “NFA Compliance Rule 2-30(b): Risk Disclosure Statement for Security Futures Contracts”

Pursuant to Section 19(b)(7) of the Securities Act of 1934 (“Act”),¹ and Rule 19b-7 under the Act,² notice is hereby given that on December 7, 2007, National Futures Association (“NFA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II, and III below, which Items have been substantially prepared by NFA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. NFA also has filed the proposed rule change with the Commodity Futures Trading Commission (“CFTC”).

NFA, on December 5, 2007, requested that the CFTC make a determination that review of the propose rule change of NFA is not necessary. By letter dated December 17, 2007, the CFTC notified NFA of its determination not to review the proposed rule change.³

¹ 15 U.S.C. 78s(b)(7).

² 17 CFR 240.19b-7.

³ See letter from Lawrence B. Patent, Deputy Director, CFTC, to Thomas W. Sexton, III, General Counsel, NFA (“Letter”).

I. Self-Regulatory Organization’s Description of the Proposed Rule Change

In July 2007, the New York Stock Exchange merged its member regulation, enforcement, and arbitration functions into National Association of Securities Dealers, Inc. (“NASD”), which then became the Financial Industry Regulatory Authority, Inc. (“FINRA”). Since several of NFA’s rules and interpretive notices reference NASD, the amendments replace those references with references to FINRA.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NFA has prepared statements concerning the purpose of, and basis for, the proposed rule change, burdens on competition, and comments received from members, participants, and others. The text of these statements may be examined at the places specified in Item IV below. NFA has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Section 15A(k) of the Act⁴ makes NFA a national securities association for the limited purpose of regulating the activities of NFA members (“Members”) who are registered as brokers or dealers in security futures products under Section 15(b)(11) of the Act.⁵ The amendments replace the references to the NASD with references to FINRA in rules and interpretive notices

⁴ 15 U.S.C. 78o-3(k).

⁵ 15 U.S.C. 78o(b)(11).

that apply to Members that are registered as security futures brokers or dealers under Section 15(b)(11).

2. Statutory Basis

The rule change is authorized by, and consistent with, Section 15A(k) of the Act.⁶ The proposed changes are nothing more than technical amendments to replace references to NASD with references to FINRA.

B. Self-Regulatory Organization's Statement on Burden on Competition

The rule change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement of Comments on the Proposed Rule Change Received from Members, Participants, or Others

NFA did not publish the rule change to the membership for comment. NFA did not receive comment letters concerning the rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The CFTC notified NFA of its determination not to review the proposed rule change.⁷ The proposed rule change has become effective on December 17, 2007.

Within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.⁸

⁶ 15 U.S.C. 78o-3(k).

⁷ See Letter, supra note 3.

⁸ 15 U.S.C. 78s(b)(1).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NFA-2007-07 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NFA-2007-07. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of NFA. All comments received will be posted without change; the Commission does not edit

personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NFA-2007-07 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Florence E. Harmon
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(73).