

By Electronic Mail

August 2, 2013

Ms. Melissa D. Jurgens
Secretary
Commodity Futures Trading Commission
1155 21st Street NW
Washington DC 20581

Re: RIN 3038-AD88: Enhancing Protections Afforded Customers and Customer Funds Held by Futures Commission Merchants and Derivatives Clearing Organizations, 77 Fed.Reg. 67866 (November 14, 2012)

Dear Ms. Jurgens:

On behalf of our client, the Futures Industry Association (“FIA”), we are pleased to submit this further comment with regard to the form acknowledgment letters that the Commodity Futures Trading Commission (“Commission”) has proposed in connection with the above-referenced rulemaking.¹ Representatives of FIA member firms and several banks (collectively with FIA, “FIA/Banks”) that maintain customer segregated accounts and customer secured accounts on behalf of futures commission merchants (“FCMs”) have previously met with Commission staff to discuss their concerns with certain provisions of the proposed acknowledgment letters. By this letter, the FIA/Banks are submitting for the Commission’s consideration recommended modifications to the acknowledgment letters.

Enclosed with this letter are: (i) copies of the Rule 1.20 and 30.7 acknowledgment letters that the Commission has proposed, with recommended modifications prepared by the FIA/Banks; and (ii) a DeltaView of the revised acknowledgment letters highlighting the changes made from the letters as proposed. The recommended modifications generally reflect the comments made in the comment letters filed in connection with the proposed enhanced customer protection rules and in the FIA/Banks’ several meetings with Commission staff. For convenience, only the modifications to the Rule 1.20 acknowledgment letter are summarized below. However, the modifications to the Rule 30.7 acknowledgment letter are similar.

¹ Proposed Appendix A—Acknowledgment Letter for CFTC Regulation 1.20 Customer Segregated Account; Proposed Appendix E—Acknowledgment Letter for CFTC Regulation 30.7 Customer Secured Account.

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Please note that the changes described in paragraphs 3 and 4 below, in particular, reflect the banks' strong desire to achieve the Commission's regulatory goals in a manner consistent with the banks' established policies and procedures for safeguarding the security of accounts. FCMs are not subject to the same competing regulatory concerns.

1. Treatment of Funds. The final clause of the second full paragraph, page 1, has been revised to confirm that the bank/FCM acknowledges and agrees "that the Funds must otherwise be treated in accordance with the provisions of *Section 4d(a)(2) or Section 4d(f)* of the Act, *as applicable*, and CFTC regulations *thereunder*." To the extent this clause seeks to impose obligations on a bank/FCM with regard to the treatment of Funds, such obligations should be limited to the provisions of the Act and Commission regulations that specifically address such treatment. The letter should not imply that a bank/FCM has any greater obligation.

2. Permitted Liens. The second and third sentences of the third full paragraph, page 1, have been revised to expand slightly the circumstances in which a bank/FCM may impose a lien with respect to the Funds in the Accounts. As revised, the consolidated sentence reads: You further acknowledge and agree that the Funds in the Account(s) shall not be subject to any right of offset or lien for or on account of any indebtedness, obligations or liabilities we may now or in the future have owing to you except to recover from the Account(s) (or from any other CFTC Regulation 1.20 Customer Segregated Account(s) we have with you), Funds you may advance from time to time to facilitate transactions by or on behalf of, or on account of, or otherwise for the benefit of, the Account(s) or our customers whose Funds are held in the Account(s).

3. Access to Account Information; Authorization to Transfer Funds. The last paragraph, page 1, carrying over to the top of page 2, has been revised to conform the provisions of this paragraph to current practices and standards employed by banks. Because of security and privacy considerations, current bank procedures require an account holder to consent to providing third parties with access to account information and to authorize designated persons to whom access to account information should be granted. Similar concerns apply to providing third parties such as the Commission and self-regulatory organizations ("SROs") with the ability to instruct banks to transfer funds from customers' accounts. The proposed revisions provide that banks may apply their usual and customary procedures, including execution of appropriate documentation and agreements, and follow their established policies and procedures, in granting access to Account information to designated Commission and SRO staff as well as to follow instructions regarding funds transfers.

4. Responsibility for Acting on Instructions. For the same reason, the first full paragraph, page 2, has been revised to confirm that a bank would not be responsible if it acted upon instructions received from authorized Commission and SRO staff, provided the instructions are received in accordance with the procedures established by the bank's agreements with its

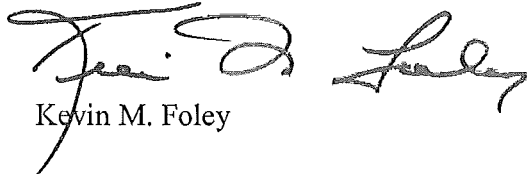
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Page 3

customers. The Commission's language provides that a bank would not be responsible to customers if it acted upon instruction from the Commission and SROs after taking reasonable measures to assure that the instruction was provided by specified Commission division directors or an "appropriate" SRO, which standard is inconsistent with current bank practices. The proposed changes will facilitate the Commission's ability to access account information as well as enable the Commission to issue instructions to transfer funds that are executed in a timely manner.

5. Standard of Liability. The fourth full paragraph, page 2, has been revised to confirm that a bank/FCM will not be liable with respect to withdrawals from, and balances maintained in, the Accounts provided the bank/FCM acts in accordance with its established security policies and procedures with respect to such Accounts.

Thank you for your consideration of these recommended modifications to the acknowledgment letters. The FIA/Banks would welcome the opportunity to discuss their recommendations with the Commission staff at their convenience.

Very truly yours,



Kevin M. Foley

cc: Division of Clearing and Risk
Ananda Radhakrishnan, Director
Phyllis Dietz, Deputy Director
Heidi Rauh, Associate Director

Division of Swap Dealer and Intermediary Oversight
Gary Barnett, Director
Kevin Piccoli, Deputy Director
Thomas Smith, Deputy Director

Futures Industry Association
Barbara Wierzynski, Executive Vice President and General Counsel

Regulation 30.7 Customer Secured Amount Account

[Date]

[Name and Address of Depository]

We refer to the Secured Amount Account(s) which [Name of Futures Commission Merchant] (“we” or “our” have opened or will open with [Name of Depository] (“you” or “your”) entitled: [Name of Futures Commission Merchant] [if applicable, add “**FCM Customer Omnibus Account**”] CFTC Regulation 30.7 Customer Secured Account [If applicable, include any abbreviated name of the Account(s) as reflected in the Depository’s electronic systems (provided any such abbreviated name must reflect that the Account(s) is a CFTC regulated customer secured account)] Account Number(s): (collectively, the “**Account(s)**”).

You acknowledge and agree that we have opened or will open the above-referenced Account(s) for the purpose of depositing, as applicable, money, securities and other property (collectively “**Funds**”) for or on behalf of our customers who are entering into foreign futures and/or foreign options transactions (as such terms are defined in U.S. Commodity Futures Trading Commission (“**CFTC**”) Regulation 30.1, as amended). The Funds deposited in the Account(s) or accruing to the credit of the Accounts will be kept separate and apart and separately accounted for on your books from our own funds and all other accounts maintained by us in accordance with the provisions of the Commodity Exchange Act, as amended (the “**Act**”), and Part 30 of the CFTC’s regulations, as amended, and may not be commingled with our own funds in any proprietary account we maintain with you and the Funds must otherwise be treated in accordance with the provisions of Section 4(b) the Act and CFTC Regulation 30.7.

Furthermore, you understand the nature of the Funds held or hereafter deposited in the Account(s) and you acknowledge and agree that you will treat and maintain such Funds in accordance with the provisions of the Act and CFTC regulations. You further acknowledge and agree that such Funds may not be used by you or by us to secure or guarantee any obligations that we might owe to you, nor may they be used by us to secure credit from you. In addition, the Funds in the Account(s) shall not be subject to any right of offset or lien for or on account of any indebtedness, obligations or liabilities we may now or in the future have owing to you, except to recover from the Account(s) (or from any other CFTC Regulation 30.7 Customer Secured Account(s) we have with you) Funds you may advance from time to time to facilitate transactions by or on behalf of, or on account of, or otherwise for the benefit of, the Account(s) or our customers whose Funds are held in the Account(s).

In addition, you agree that the Account(s) may be examined at any reasonable time by an appropriate officer, agent or employee of the CFTC or a self-regulatory organization designated by us. This letter constitutes the authorization and direction of the undersigned to permit any such examination or audit to take place. We instruct and authorize you to respond promptly and directly without further notice or consent from us to requests for confirmation of account balances and other account information from an officer, agent, or employee of the CFTC or a self-regulatory organization of which we are a member, and whom we have

authorized (each, an “**Authorized Agent**”), in accordance with and subject to such usual and customary documentation and agreements you may require us to execute (the “**Documentation**”) and to your policies and procedures, including security procedures (the “**Procedures**”). We further authorize you to provide any and all information regarding or related to the Funds or the Accounts as shall be specified in such request and to transfer the Funds in the Account(s) upon appropriate instruction provided by a party we have authorized, in accordance with and subject to the Documentation and Procedures.

You acknowledge and agree that you meet the requirements detailed for depositories in CFTC Regulation 30.7, as amended. We will not hold you responsible for acting pursuant to any instruction from an Authorized Agent on whom you have relied in accordance with the Documentation and Procedures. We are bound by the actions of any Authorized Agent whom we have authorized to take the above actions and you may rely upon such actions as if they were taken by us. You are authorized to act and rely upon actions of such Authorized Agent until you receive written notice of our revocation of such authorization and you have had reasonable time to act upon such notice.

In the event we become subject to either a voluntary or involuntary petition for relief under the U.S. Bankruptcy Code, we acknowledge that you will have no obligation to release the Funds held in the Account(s), except upon instruction of the Trustee in Bankruptcy or pursuant to the Order of the respective U.S. Bankruptcy Court.

Notwithstanding anything in the foregoing to the contrary, nothing contained herein shall be construed as limiting your right to assert any right of set off against or lien on assets other than assets maintained in the Account(s), nor to impose such charges against us or any proprietary account maintained by us with you. Further, it is understood that amounts represented by checks, drafts or other items shall not be considered to be part of the Account(s) until finally collected. Accordingly, checks, drafts and other items credited to the Account(s) and subsequently dishonored or otherwise returned to you, or reversed, for any reason and any claims relating thereto, including but not limited to claims of alteration or forgery, may be charged back to the Account(s), and we shall be responsible to you as a general endorser of all such items whether or not actually so endorsed.

You may conclusively presume that any withdrawal from the Account(s) and the balances maintained therein are in conformity with the Act and CFTC regulations without any further inquiry, provided that you have acted in accordance with your established security policies and procedures regarding such Account(s); and you shall not in any manner not expressly agreed to herein be responsible for ensuring compliance by us with the provisions of the Act and CFTC regulations.

You may, and are hereby authorized to, obey the order, judgment, decree or levy of any court of competent jurisdiction or any governmental agency with jurisdiction, which order, judgment, decree or levy relates in whole or in part to the Account(s). In any event, you shall not be liable by reason of any such action or omission to act, to us or to any other person, firm, association or corporation even if thereafter any such order, decree, judgment or levy shall be reversed, modified, set aside or vacated.

The terms of this letter agreement shall remain binding upon the parties, their successors and assigns, including for the avoidance of doubt, regardless of the change in name of any party. This letter agreement supersedes and replaces any prior agreement between the parties in connection with the Account(s), including but not limited to any prior acknowledgment letter, to the extent that such prior agreement is inconsistent with the terms hereof. In the event of any conflict between this letter agreement and any other agreement between the parties in connection with the Account(s), this letter agreement shall govern with respect to matters specific to the Act and the CFTC's regulations, as amended.

This letter agreement shall be governed by and construed in accordance with the laws of **[Insert governing law]** without regard to the principles of choice of law.

Please acknowledge that you agree to abide by the requirements and conditions set forth above by signing and returning the enclosed copy of this letter. You further acknowledge and agree to provide a copy of this fully executed letter directly to the CFTC (via electronic mail to acknowledgmentletters@cftc.gov) and our designated self-regulatory organization.

[Name of Futures Commission Merchant]

By:

Print Name:

Title:

ACKNOWLEDGED AND AGREED:

[Name of Depository]

By:

Print Name:

Title:

Contact Information: [Insert phone number and email address]

DATE:

Regulation 1.20 Customer Segregated Account

[Date]

[Name and Address of Bank, Trust Company, Derivatives Clearing Organization or Futures Commission Merchant]

We refer to the Segregated Account(s) which [Name of Futures Commission Merchant or Derivatives Clearing Organization] (“**we**” or “**our**”) have opened or will open with [Name of Bank, Trust Company, Derivatives Clearing Organization or Futures Commission Merchant] (“**you**” or “**your**”) entitled: [Name of Futures Commission Merchant or Derivatives Clearing Organization] [if applicable, add “**FCM Customer Omnibus Account**”] CFTC Regulation 1.20 Customer Segregated Account Number(s): []

You acknowledge and agree that we have opened or will open the above-referenced Account(s) for the purpose of depositing, as applicable, money, securities and other property (collectively the “**Funds**”) of our customers who trade commodities, options, swaps, other cleared OTC derivatives products and other products, as required by Commodity Futures Trading Commission (“**CFTC**”) Regulations, including Regulation 1.20, as amended; that the Funds held by you, hereafter deposited in the Account(s) or accruing to the credit of the Accounts, will be separately accounted for and segregated on your books from our own funds and all other accounts maintained by us in accordance with the provisions of the Commodity Exchange Act, as amended (the “**Act**”), and Part 1 of the CFTC’s regulations, as amended; and that the Funds must otherwise be treated in accordance with the provisions of Section 4d(a)(2) or Section 4d(f) of the Act, as applicable, and CFTC regulations thereunder.

Furthermore, you acknowledge and agree that such Funds may not be used by you or by us to secure or guarantee any obligations that we might owe to you, nor may they be used by us to secure credit from you. You further acknowledge and agree that the Funds in the Account(s) shall not be subject to any right of offset or lien for or on account of any indebtedness, obligations or liabilities we may now or in the future have owing to you except to recover from the Account(s) (or from any other CFTC Regulation 1.20 Customer Segregated Account(s) we have with you), Funds you may advance from time to time to facilitate transactions by or on behalf of, or on account of, or otherwise for the benefit of, the Account(s) or our customers whose Funds are held in the Account(s).

In addition, you agree that the Account(s) may be examined at any reasonable time by an officer, agent or employee of the CFTC or a self-regulatory organization of which we are a member, designated by us. This letter constitutes the authorization and direction of the undersigned to permit any such examination or audit to take place. We instruct and authorize you to respond promptly and directly without further notice or consent from us to requests for confirmation of account balances and other account information from an officer, agent, or employee of the CFTC or a self-regulatory organization of which we are a member, and whom we have authorized (each, an “**Authorized Agent**”), in accordance with and subject to such usual and customary documentation and agreements you may require us to execute (the “**Documentation**”) and to your policies and procedures, including security procedures (the

“Procedures”). We further authorize you to provide any and all information regarding or related to the Funds or the Accounts as shall be specified in such request and to transfer the Funds in the Account(s) upon appropriate instruction provided by a party we have authorized, in accordance with and subject to the Documentation and Procedures.

We will not hold you responsible for acting pursuant to any instruction from an Authorized Agent on whom you have relied in accordance with the Documentation and Procedures. We are bound by the actions of any Authorized Agent whom we have authorized to take the above actions and you may rely upon such actions as if they were taken by us. You are authorized to act and rely upon actions of such Authorized Agent until you receive written notice of our revocation of such authorization and you have had reasonable time to act upon such notice.

In the event that we become subject to either a voluntary or involuntary petition for relief under the U.S. Bankruptcy Code, we acknowledge that you will have no obligation to release the Funds held in the Account(s), except upon instruction of the Trustee in Bankruptcy or pursuant to the Order of the respective U.S. Bankruptcy Court.

Notwithstanding anything in the foregoing to the contrary, nothing contained herein shall be construed as limiting your right to assert any right of set off against or lien on assets other than assets maintained in the Account(s), nor to impose such charges against us or any proprietary account maintained by us with you. Further, it is understood that amounts represented by checks, drafts or other items shall not be considered to be part of the Account(s) until finally collected. Accordingly, checks, drafts and other items credited to the Account(s) and subsequently dishonored or otherwise returned to you, or reversed, for any reason and any claims relating thereto, including but not limited to claims of alteration or forgery, may be charged back to the Account(s), and we shall be responsible to you as a general endorser of all such items whether or not actually so endorsed.

You may conclusively presume that any withdrawal from the Account(s) and the balances maintained therein are in conformity with the Act and CFTC regulations without any further inquiry, provided that you have acted in accordance with your established security policies and procedures regarding such Account(s); and you shall not in any manner not expressly agreed to herein be responsible for ensuring compliance by us with the provisions of the Act and CFTC regulations.

You may, and are hereby authorized to, obey the order, judgment, decree or levy of any court of competent jurisdiction or any governmental agency with jurisdiction, which order, judgment, decree or levy relates in whole or in part to the Account(s). In any event, you shall not be liable by reason of any such action or omission to act, to us or to any other person, firm, association or corporation even if thereafter any such order, decree, judgment or levy shall be reversed, modified, set aside or vacated.

The terms of this letter agreement shall remain binding upon the parties, their successors and assigns, including for the avoidance of doubt, regardless of the change in name of any party. This letter agreement supersedes and replaces any prior agreement between the parties in

connection with the Account(s), including but not limited to any prior acknowledgment letter, to the extent that such prior agreement is inconsistent with the terms hereof. In the event of any conflict between this letter agreement and any other agreement between the parties in connection with the Account(s), this letter agreement shall govern with respect to matters specific to Section 4d of the Act and the CFTC's regulations, as amended. This letter agreement shall be governed by and construed in accordance with the laws of **[Insert governing law]** without regard to the principles of choice of law.

Please acknowledge that you agree to abide by the requirements and conditions set forth above by signing and returning the enclosed copy of this letter. You further acknowledge and agree to provide a copy of this fully executed letter directly to the CFTC (via electronic mail to acknowledgmentletters@cftc.gov) and our designated self-regulatory organization.

[Name of Futures Commission Merchant or Derivatives Clearing Organization]

By:

Print Name:

Title:

ACKNOWLEDGED AND AGREED:

[Name of Bank, Trust Company, Derivatives Clearing Organization or Futures Commission Merchant]

By:

Print Name:

Title:

Contact Information: [Insert phone number and email address]

DATE:

Regulation 1.20 Customer Segregated Account

[Date]

[Name and Address of Bank, Trust Company, Derivatives Clearing Organization or Futures Commission Merchant]

We refer to the Segregated Account(s) which [Name of Futures Commission Merchant or Derivatives Clearing Organization] (“**we**” or “**our**”) have opened or will open with [Name of Bank, Trust Company, Derivatives Clearing Organization or Futures Commission Merchant] (“**you**” or “**your**”) entitled: [Name of Futures Commission Merchant or Derivatives Clearing Organization] [if applicable, add “**FCM Customer Omnibus Account**”] CFTC Regulation 1.20 Customer Segregated Account Number(s): []

You acknowledge and agree that we have opened or will open the above-referenced Account(s) for the purpose of depositing, as applicable, money, securities and other property (collectively the “**Funds**”) of our customers who trade commodities, options, swaps, other cleared OTC derivatives products and other products, as required by Commodity Futures Trading Commission (“**CFTC**”) Regulations, including Regulation 1.20, as amended; that the Funds held by you, hereafter deposited in the Account(s) or accruing to the credit of the Accounts, will be separately accounted for and segregated on your books from our own funds and all other accounts maintained by us in accordance with the provisions of the Commodity Exchange Act, as amended (the “**Act**”), and Part 1 of the CFTC’s regulations, as amended; and that the Funds must otherwise be treated in accordance with the provisions of Section 4d(a)(2) or Section 4d(f) of the Act, as applicable, and CFTC regulations thereunder.

Furthermore, you acknowledge and agree that such Funds may not be used by you or by us to secure or guarantee any obligations that we might owe to you, nor may they be used by us to secure credit from you. You further acknowledge and agree that the Funds in the Account(s) shall not be subject to any right of offset or lien for or on account of any indebtedness, obligations or liabilities we may now or in the future have owing to you. ~~This prohibition does not affect your right to recover funds advanced in the form of cash transfers you make in lieu of liquidating non-cash assets held in the Account(s) for purposes of variation settlement or posting initial (original) margin except to recover from the Account(s) (or from any other CFTC Regulation 1.20 Customer Segregated Account(s) we have with you). Funds you may advance from time to time to facilitate transactions by or on behalf of, or on account of, or otherwise for the benefit of, the Account(s) or our customers whose Funds are held in the Account(s).~~

In addition, you agree that the Account(s) may be examined at any reasonable time by an appropriate officer, agent or employee of the CFTC or a self-regulatory organization of which we are a member, ~~and this designated by us.~~ This letter constitutes the authorization and direction of the undersigned to permit any such examination or audit to take place. ~~You agree~~ We instruct and authorize you to respond promptly and directly without further notice or consent from us to requests for confirmation of account balances and other account information from an appropriate officer, agent, or employee of the CFTC or a self-regulatory

organization of which we are a member, ~~without further notice to or consent from the futures organization, as applicable. You also agree that, immediately upon instruction by the director of the Division of Swap Dealer and Intermediary Oversight of the CFTC or the director of the Division of Clearing and Risk of the CFTC, or any successor divisions, or such directors' designees, or any appropriate official of a self-regulatory organization of which we are a member, you will~~ and whom we have authorized (each, an "Authorized Agent"), in accordance with and subject to such usual and customary documentation and agreements you may require us to execute (the "Documentation") and to your policies and procedures, including security procedures (the "Procedures"). We further authorize you to provide any and all information regarding or related to the Funds or the Accounts as shall be specified in such instruction and as directed in such instruction. You further agree that you will provide the CFTC and our designated self-regulatory organization with the necessary software, a user log-in, and password that will allow the CFTC and our designated self-regulatory organization to have read-only access to the accounts listed above on your Web site or via an alternative electronic medium on a 24-hour a day basis. You acknowledge and agree that request and to transfer the Funds in the Account(s) shall be released immediately, subject to the requirements of U.S. or non-U.S. law as applicable, upon proper notice and instruction from an appropriate officer or employee of us or from the director of the Division of Clearing and Risk of the CFTC, the director of the Division of Swap Dealer and Intermediary Oversight of the CFTC, or any successor divisions, or such directors' designees, upon appropriate instruction provided by a party we have authorized, in accordance with and subject to the Documentation and Procedures.

We will not hold you responsible for acting pursuant to any instruction from ~~the CFTC or the self-regulatory organization upon which you have relied after having taken reasonable measures to assure that such instruction was provided to you by the director of the Division of Clearing and Risk of the CFTC, the director of the Division of Swap Dealer and Intermediary Oversight of the CFTC, or any successor divisions, or such directors' designees, or any appropriate official of a self-regulatory organization of which we are a member~~ an Authorized Agent on whom you have relied in accordance with the Documentation and Procedures. We are bound by the actions of any Authorized Agent whom we have authorized to take the above actions and you may rely upon such actions as if they were taken by us. You are authorized to act and rely upon actions of such Authorized Agent until you receive written notice of our revocation of such authorization and you have had reasonable time to act upon such notice.

In the event that we become subject to either a voluntary or involuntary petition for relief under the U.S. Bankruptcy Code, we acknowledge that you will have no obligation to release the Funds held in the Account(s), except upon instruction of the Trustee in Bankruptcy or pursuant to the Order of the respective U.S. Bankruptcy Court.

Notwithstanding anything in the foregoing to the contrary, nothing contained herein shall be construed as limiting your right to assert any right of set off against or lien on assets other than assets maintained in the Account(s), nor to impose such charges against us or any proprietary account maintained by us with you. Further, it is understood that amounts represented by checks, drafts or other items shall not be considered to be part of the

Account(s) until finally collected. Accordingly, checks, drafts and other items credited to the Account(s) and subsequently dishonored or otherwise returned to you, or reversed, for any reason and any claims relating thereto, including but not limited to claims of alteration or forgery, may be charged back to the Account(s), and we shall be responsible to you as a general endorser of all such items whether or not actually so endorsed.

You may conclusively presume that any withdrawal from the Account(s) and the balances maintained therein are in conformity with the Act and CFTC regulations without any further inquiry, provided that you have ~~no notice of or actual knowledge of, or could not reasonably know of, a violation of the Act or other provision of law by us~~ acted in accordance with your established security policies and procedures regarding such Account(s); and you shall not in any manner not expressly agreed to herein be responsible for ensuring compliance by us with the provisions of the Act and CFTC regulations.

You may, and are hereby authorized to, obey the order, judgment, decree or levy of any court of competent jurisdiction or any governmental agency with jurisdiction, which order, judgment, decree or levy relates in whole or in part to the Account(s). In any event, you shall not be liable by reason of any such action or omission to act, to us or to any other person, firm, association or corporation even if thereafter any such order, decree, judgment or levy shall be reversed, modified, set aside or vacated.

The terms of this letter agreement shall remain binding upon the parties, their successors and assigns, including for the avoidance of doubt, regardless of the change in name of any party. This letter agreement supersedes and replaces any prior agreement between the parties in connection with the Account(s), including but not limited to any prior acknowledgment letter, to the extent that such prior agreement is inconsistent with the terms hereof. In the event of any conflict between this letter agreement and any other agreement between the parties in connection with the Account(s), this letter agreement shall govern with respect to matters specific to Section 4d of the Act and the CFTC's regulations, as amended. This letter agreement shall be governed by and construed in accordance with the laws of **[Insert governing law]** without regard to the principles of choice of law.

Please acknowledge that you agree to abide by the requirements and conditions set forth above by signing and returning the enclosed copy of this letter. You further acknowledge and agree to provide a copy of this fully executed letter directly to the CFTC (via electronic mail to acknowledgmentletters@cftc.gov) and our designated self-regulatory organization.

[Name of Futures Commission Merchant or Derivatives Clearing Organization]

By:

Print Name:

Title:

ACKNOWLEDGED AND AGREED:

[Name of Bank, Trust Company, Derivatives Clearing Organization or Futures Commission Merchant]

By:

Print Name:

Title:

Contact Information: [Insert phone number and email address]

DATE:

Document comparison by Workshare Compare on Tuesday, July 30, 2013
5:45:03 PM

Input:	
Document 1 ID	interwovenSite://LOCAL/CHI02/61071019/1
Description	#61071019v1<CHI02> - Commission Rule 1.20 Acknowledgment Letter (Proposed)
Document 2 ID	interwovenSite://LOCAL/CHI02/61071019/6 - Commission Rule 1.20 Acknowledgment Letter (Recommended Bank/FIA Modification-Revised)
Description	#61071019v6<CHI02> - Commission Rule 1.20 Acknowledgment Letter (Recommended Bank/FIA Modification-Revised)
Rendering set	Firm Word - Adds Double Underline, Delete Strikethrough

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	16
Deletions	13
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	29

Recommended Bank/FIA Modification
Revised Draft — August 2, 2013

Regulation 30.7 Customer Secured Amount Account

[Date]

[Name and Address of Depository]

We refer to the Secured Amount Account(s) which [Name of Futures Commission Merchant] (“we” or “our”) have opened or will open with [Name of Depository] (“you” or “your”) entitled: [Name of Futures Commission Merchant] [if applicable, add “**FCM Customer Omnibus Account**”] CFTC Regulation 30.7 Customer Secured Account [If applicable, include any abbreviated name of the Account(s) as reflected in the Depository’s electronic systems (provided any such abbreviated name must reflect that the Account(s) is a CFTC regulated customer secured account)] Account Number(s): (collectively, the “**Account(s)**”).

You acknowledge and agree that we have opened or will open the above-referenced Account(s) for the purpose of depositing, as applicable, money, securities and other property (collectively “**Funds**”) for or on behalf of our customers who are entering into foreign futures and/or foreign options transactions (as such terms are defined in U.S. Commodity Futures Trading Commission (“**CFTC**”) Regulation 30.1, as amended). The Funds deposited in the Account(s) or accruing to the credit of the Accounts will be kept separate and apart and separately accounted for on your books from our own funds and all other accounts maintained by us in accordance with the provisions of the Commodity Exchange Act, as amended (the “**Act**”), and Part 30 of the CFTC’s regulations, as amended, and may not be commingled with our own funds in any proprietary account we maintain with you and the Funds must otherwise be treated in accordance with the provisions of Section 4(b) the Act and CFTC Regulations. Regulation 30.7.

Furthermore, you understand the nature of the Funds held or hereafter deposited in the Account(s) and you acknowledge and agree that you will treat and maintain such Funds in accordance with the provisions of the Act and CFTC regulations. You further acknowledge and agree that such Funds may not be used by you or by us to secure or guarantee any obligations that we might owe to you, nor may they be used by us to secure credit from you. You further acknowledge and agree that In addition, the Funds in the Account(s) shall not be subject to any right of offset or lien for or on account of any indebtedness, obligations or liabilities we may now or in the future have owing to you, and that you understand the nature of the Funds held or hereafter deposited in the Account(s) and that you will treat and maintain such Funds in accordance with the provisions of the Act and CFTC regulations. This prohibition does not affect your right to recover funds advanced in the form of cash transfers you make in lieu of liquidating noncash assets held in the Account(s) for purposes of variation settlement or posting initial (original) margin, except to recover from the Account(s) (or from any other CFTC Regulation 30.7 Customer Secured Account(s) we have with you) Funds you may advance from time to time to facilitate transactions by or on behalf of, or on account of, or otherwise for the benefit of, the Account(s) or our customers whose Funds are held in the Account(s).

In addition, you agree that the Account(s) may be examined at any reasonable time by an appropriate officer, agent or employee of the CFTC or a self-regulatory organization, ~~and this designated by us.~~ This letter constitutes the authorization and direction of the undersigned to permit any such examination or audit to take place. You agree We instruct and authorize you to respond promptly and directly without further notice or consent from us to requests for confirmation of account balances and other account information from an appropriate officer, agent, or employee of the CFTC or a self-regulatory organization of which we are a member, without further notice to or consent from the futures commission merchant. You also agree that, immediately upon instruction by the director of the Division of Swap Dealer and Intermediary Oversight of the CFTC or the director of the Division of Clearing and Risk of the CFTC, or any successor divisions, or such directors' designees, or any appropriate official of a self-regulatory organization of which we are a member, you will and whom we have authorized (each, an "Authorized Agent"), in accordance with and subject to such usual and customary documentation and agreements you may require us to execute (the "Documentation") and to your policies and procedures, including security procedures (the "Procedures"). We further authorize you to provide any and all information regarding or related to the Funds or the Accounts as shall be specified in such instruction and as directed in such instruction. You further agree that you will provide the CFTC and our designated self-regulatory organization with the necessary software, a user log in, and password that will allow the CFTC and our designated self-regulatory organization to have read only access to the accounts listed above on your Web site on a 24 hour a day basis. request and to transfer the Funds in the Account(s) upon appropriate instruction provided by a party we have authorized, in accordance with and subject to the Documentation and Procedures.

~~This letter further constitutes the consent and authorization of the undersigned for you to respond immediately to requests from appropriate officers, agents, or employees of the CFTC or a self-regulatory organization for information and/or confirmation of current and historical account balances of the Account(s).~~

You acknowledge and agree that you meet the requirements detailed for depositories in CFTC Regulation 30.7, as amended. ~~You further acknowledge and agree that the Funds in the Account(s) shall be released immediately, subject to the requirements of US or non-U.S. law as applicable, upon proper notice and instruction from an appropriate officer or employee of us or from the director of the Division of Clearing and Risk of the CFTC, the director of the Division of Swap Dealer and Intermediary Oversight, or any successor divisions, or such directors' designees. We will not hold you responsible for acting pursuant to any instruction from the CFTC upon which you have relied after having taken reasonable measures to assure that such instruction was provided to you by the director of the Division of Clearing and Risk or the director of the Division of Swap Dealer and Intermediary Oversight of the CFTC, or any successor divisions, or such directors' designees.~~ an Authorized Agent on whom you have relied in accordance with the Documentation and Procedures. We are bound by the actions of any Authorized Agent whom we have authorized to take the above actions and you may rely upon such actions as if they were taken by us. You are authorized to act and rely upon actions of such Authorized Agent until you receive written notice of our revocation of such authorization and you have had reasonable time to act upon such notice.

In the event we become subject to either a voluntary or involuntary petition for relief under the U.S. Bankruptcy Code, we acknowledge that you will have no obligation to release the Funds held in the Account(s), except upon instruction of the Trustee in Bankruptcy or pursuant to the Order of the respective U.S. Bankruptcy Court.

Notwithstanding anything in the foregoing to the contrary, nothing contained herein shall be construed as limiting your right to assert any right of set off against or lien on assets other than assets maintained in the Account(s), nor to impose such charges against us or any proprietary account maintained by us with you. Further, it is understood that amounts represented by checks, drafts or other items shall not be considered to be part of the Account(s) until finally collected. Accordingly, checks, drafts and other items credited to the Account(s) and subsequently dishonored or otherwise returned to you, or reversed, for any reason and any claims relating thereto, including but not limited to claims of alteration or forgery, may be charged back to the Account(s), and we shall be responsible to you as a general endorser of all such items whether or not actually so endorsed.

You may conclusively presume that any withdrawal from the Account(s) and the balances maintained therein are in conformity with the Act and CFTC regulations without any further inquiry, provided that you have ~~no notice of or actual knowledge of, or could not reasonably know of, a violation of the Act or other provision of law by us~~ acted in accordance with your established security policies and procedures regarding such Account(s); and you shall not in any manner not expressly agreed to herein be responsible for ensuring compliance by us with the provisions of the Act and CFTC regulations.

You may, and are hereby authorized to, obey the order, judgment, decree or levy of any court of competent jurisdiction or any governmental agency with jurisdiction, which order, judgment, decree or levy relates in whole or in part to the Account(s). In any event, you shall not be liable by reason of any such action or omission to act, to us or to any other person, firm, association or corporation even if thereafter any such order, decree, judgment or levy shall be reversed, modified, set aside or vacated.

The terms of this letter agreement shall remain binding upon the parties, their successors and assigns, including for the avoidance of doubt, regardless of the change in name of any party. This letter agreement supersedes and replaces any prior agreement between the parties in connection with the Account(s), including but not limited to any prior acknowledgment letter, to the extent that such prior agreement is inconsistent with the terms hereof. In the event of any conflict between this letter agreement and any other agreement between the parties in connection with the Account(s), this letter agreement shall govern with respect to matters specific to the Act and the CFTC's regulations, as amended.

This letter agreement shall be governed by and construed in accordance with the laws of **[Insert governing law]** without regard to the principles of choice of law.

Please acknowledge that you agree to abide by the requirements and conditions set forth above by signing and returning the enclosed copy of this letter. You further acknowledge and

agree to provide a copy of this fully executed letter directly to the CFTC (via electronic mail to acknowledgmentletters@cftc.gov) and our designated self-regulatory organization.

[Name of Futures Commission Merchant]

By:

Print Name:

Title:

ACKNOWLEDGED AND AGREED:

[Name of Depository]

By:

Print Name:

Title:

Contact Information: [Insert phone number and email address]

DATE:

Document comparison by Workshare Compare on Tuesday, July 30, 2013
7:39:48 AM

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Document 1 ID	interwovenSite://LOCAL/CHI02/61086154/1
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Document 2 ID	interwovenSite://LOCAL/CHI02/61086154/2
Description	#61086154v2<CHI02> - Commission Rule 30.7 Acknowledgment Letter (Revised)
Rendering set	Firm Word - Adds Double Underline, Delete Strikethrough

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Deletion	
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Format change	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Style change	0
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