

April 4, 2001

Office of the Secretariat
Commodity Futures Trading Commission
Three LaFayette Centre
1155 21st Street, NW
Washington, DC 20581

RE: Regulatory Reinvention

The North American Securities Administrators Association, Inc. (NASAA) takes this opportunity to comment on a specific portion of the Commodity Futures Trading Commission's (CFTC) proposed rule, "A New Regulatory Framework for Trading Facilities, Intermediaries and Clearing Organizations."

State securities regulators are closest to the investing public and thus:

- Identify new investment scams quickly;
- Bring a large number of enforcement cases covering a wide variety of investment-related violations; and
- Work closely with criminal prosecutors at the state, federal and local level to punish securities law violators.

The Commodity Futures Modernization Act of 2000 clarified the jurisdiction of the CFTC over certain retail foreign exchange transactions and bucket shops that may not be otherwise regulated. The *Frankwell* case in the 9th Circuit Court of Appeals created confusion over the CFTC's jurisdiction and involvement regarding foreign exchange cases, and state securities regulators welcome the clarification in §1.1 of the proposed rules, "Fraud in or in connection with transactions in foreign currency subject to the Commodity Exchange Act."

For the past five years, state securities offices have handled most of the foreign exchange cases under authority contained in the Model Code and state securities laws. We now welcome the opportunity to work with the CFTC in a collaborative way and have already initiated a process to exchange information with the Commission's enforcement staff.

The CFTC and the states have a history of coordinating efforts and working successfully toward our mutual goal of protecting investors by recognizing potentially fraudulent activity and bringing it to the attention of the public.

We look forward to continuing to work with the CFTC as you implement the Commission's new regulatory framework. You may contact Deborah Fischione, NASAA's Director of Policy at 202-737-0900 if we may be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Deborah R Bortner". The signature is written in a cursive style with a large, prominent "D" at the beginning.

Deborah R. Bortner
NASAA President
Washington Securities Director