

Joint Audit Committee

Regulatory Update

To: Chief Financial Officers 9709
Chief Compliance Officers

Date: October 7, 1997

Subject: Relief from 5% Foreign Broker Charge

For your reference, attached is an updated [listing](#) of foreign brokers that have been granted comparability relief from the 5% foreign broker charge in accordance with CFTC Rule 30.10.

As previously outlined, the 5% charge on amounts due from foreign brokers will not apply if:

- the receivable represents deposits required to maintain futures and commodity options positions;
- the foreign broker has been granted comparability relief for an approved 30.10 foreign exchange pursuant to CFTC Rule 30.10; and
- the asset is held by the foreign broker itself, with another foreign broker that has been granted comparability relief, or at a depository in the same jurisdiction as the foreign broker in accordance with CFTC Rule 30.10.

Please note that this relief is specific to *brokers by exchange*. Therefore, the charge *does not* have to be taken on deposits held by an approved 30.10 foreign broker related to trading on an approved 30.10 exchange. The charge *should be* taken on deposits related to trading on non-approved 30.10 exchanges or held by a non-approved 30.10 broker of an approved 30.10 exchange.

Appendix A to Part 30 of the CFTC regulations outline the procedures for applying for the Rule 30.10 exemption. In addition, the National Futures Association is now authorized to receive requests for Rule 30.10 relief on behalf of brokers who are regulated by foreign SROs where the CFTC has previously approved the 30.10 exchange or SRO.

If you have any questions, please contact your DSRO.