

CFTC Staff Advisory No. 14-153
Other Written Communication
Division of Swap Dealer and Intermediary Oversight
December 22, 2014

To: All Provisionally Registered Swap Dealers, Major Swap Participants and
Registered Futures Commission Merchants

Attention: Chief Compliance Officers

Subject: Chief Compliance Officer Annual Reports

Introduction and Background

The Commodity Futures Trading Commission (“Commission” or “CFTC”) adopted Regulation 3.3 – *Chief Compliance Officer*,¹ as part of the new regulations implementing sections 4d(d) and 4s(k) of the Commodity Exchange Act (“CEA” or “Act”).² Regulation 3.3 requires, among other things, that the chief compliance officer (“CCO”) of a swap dealer, major swap participant, or futures commission merchant (each a “registrant”) prepare, certify, and furnish to the board of directors (“BOD”) or senior officer an annual report addressing the registrant’s compliance activities for the registrant’s most recently completed fiscal year.³ The CCO must also submit the report to the Commission.⁴

The Division of Swap Dealer and Intermediary Oversight (“Division”) has received the first CCO annual report filings. A number of individual registrants and industry groups have requested guidance on what should be included in the annual report. In addition, Division staff has had discussions with a number of registrants regarding the contents of their annual reports and the process of preparing those reports. Based on these requests and discussions, the Division believes that it can help foster better compliance by providing this advisory on CCO annual report requirements to all of the registrants.

¹ 17 C.F.R. § 3.3.

² 7 U.S.C. §§ 6d(d) and 6s(k). Sections 4d(d) and 4s(k) were added by sections 732 and 731 of the Dodd-Frank Act, respectively.

³ Furnishing the report to the BOD or senior officer must be recorded in the board minutes or in some other fashion, to evidence compliance with that requirement. 17 C.F.R. § 3.3(e). Furthermore, the report must contain a certification by the CCO or Chief Executive Officer of the registrant “that, to the best of his or her knowledge and reasonable belief, and under penalty of law, the information contained in the annual report is accurate and complete.” 17 C.F.R. § 3.3(f)(3).

⁴ Under an amendment to Rule 3.3(f)(2) that became effective on January 13, 2014, the annual report must be furnished to the Commission not more than 60 days after the end of the fiscal year of the registrant. *See* 17 C.F.R. § 3.3(f)(2).

The purpose of the advisory is to provide market participants guidance and recommendations for best practices with regard to future annual report filings and should not be interpreted as establishing new regulatory requirements. This advisory addresses, in broad terms, issues of compliance and CCOs' process in preparing the annual report, and is not intended to be an exhaustive analysis or guidance document on the annual report process. The Division recognizes that CCOs face a number of issues surrounding the annual report that may not be addressed in this letter and the Division will continue to discuss issues raised during the annual reporting process with the registrants which may lead to more targeted, substantive advisories in the future. This letter is not intended to mandate a specific template, organization, or approach to be used for the annual report. Furthermore, the recommendations and practices described herein are not requirements and do not need to be used if a CCO does not believe that they will improve the annual report. The Division is aware that issuing this advisory near the end of the calendar year, which, for many registrants, corresponds to their fiscal year-end, does not provide a significant amount of time for CCOs to alter the annual report before the filing deadline. While the Division expects CCOs to make efforts to incorporate this advisory into their current annual report, in light of the fact that the content herein is merely guidance and not a requirement, the Division recognizes that registrants with fiscal year-ends that fall on December 31 may not be able to incorporate all aspects of the advisory into the 2014 annual report that is due to be shortly furnished to senior management and the Commission. However, the Division believes that the recommendations and practices described herein should be considered for purposes of improving the registrant's ability to comply effectively and efficiently with the statutory and regulatory requirements and to improve the clarity and quality of the annual reports going forward.

In addition, the Division notes that the last section of this advisory discusses the utility of using a chart format in the annual report as a mechanism to convey a large amount of information. While a chart may provide an efficient tool for conveying the large amounts of information required to be reported about the different aspects of a registrant's compliance program, the Division cautions that it is not a substitute for a full description of substantive matters that are to be addressed in the report.

Annual Report Purposes

The Commission has stated at least three distinct policy goals that are served by requiring CCOs to report annually on the compliance program of the registrant: 1) promoting compliance behavior through periodic self-evaluation;⁵ 2) informing the Commission of possible compliance weaknesses;⁶ and 3) assisting the Commission in determining whether the registrant remains in

⁵ *Designation of a Chief Compliance Officer; Required Compliance Policies; and Annual Report of a Futures Commission Merchant, Swap Dealer, or Major Swap Participant*, 75 Fed. Reg. 70881, 70883 (proposed Nov. 19, 2010) (“[A]n annual report is intended to promote compliance behavior by requiring a registrant to conduct a periodic self-evaluation . . .”).

⁶ *Id.*

compliance with the CEA and Commission regulations.⁷ The report should inform the two audiences to whom it must be delivered, the BOD or senior officer and the Commission, with these purposes in mind. By requiring its registrants to conduct an annual self-assessment, the Commission has stated that it believes that “[t]his annual and ongoing compliance focus will result in increased industry compliance, thereby increasing market security and stability. A secure and stable market fosters increased market confidence and increased activity by investors and hedgers managing risk.”⁸

The Division believes that the CCO annual report should both address the substantive, material compliance issues in a manner that will assist the BOD or senior officer and the CFTC in fulfilling their oversight responsibilities, and demonstrate that the registrant’s compliance program has undergone a thoughtful and fulsome self-evaluation. The annual report is therefore a meaningful tool to communicate with the BOD or senior officer and CFTC staff regarding the performance of the compliance program over the past year, the status of the program at the time the report is delivered, and the issues facing the compliance function of the registrant.⁹ To do this in a manner that fulfills the stated purposes for the annual report, the report needs to include sufficient information presented in a clear and understandable manner.

Annual Report - Specific Provisions

Regulation 3.3 requires that the CCO address in the annual report, at a minimum, certain enumerated areas of information required by the Commission’s regulations.¹⁰ Below, the Division has provided certain recommendations as to how a CCO may better comply with the provisions of Regulation 3.3(e) based on the Division’s review of the first CCO annual report filings and discussions with a number of registrants about their processes for preparing the annual report.

⁷ See *Swap Dealer and Major Swap Participant Recordkeeping, Reporting, and Duties Rules; Futures Commission Merchant and Introducing Broker Conflicts of Interest Rules; and Chief Compliance Officer Rules for Swap Dealers, Major Swap Participants, and Futures Commission Merchants*, 77 Fed. Reg. 20128, 20193 (Apr. 3, 2012) [hereinafter, *Adopting Release*] (“The annual compliance report will help . . . the Commission to assess whether the registrant has mechanisms in place to address adequately compliance problems that could lead to a failure of the registrant. It also will assist the Commission in determining whether the registrant remains in compliance with the CEA and the Commission’s regulations . . .”).

⁸ *Adopting Release*, 77 Fed. Reg. at 20190.

⁹ *Id.* (“The annual requirement to compile in a single document the results of a registrant’s compliance policies and procedures should serve as an efficient means to focus the registrant’s board and senior management on areas requiring additional compliance resources or changes to business practices; it also will provide the Commission with a detailed overview of the state of compliance of the industry as a whole.”)

¹⁰ 17 C.F.R. § 3.3(e)(1)-(5).

Regulation 3.3(e)(1) – Description of the written policies and procedures, including the code of ethics and conflicts of interest policies.

Regulation 3.3(e)(1) requires a CCO to describe the registrant’s written policies and procedures (“WPPs”), including its code of ethics (“COE”) and conflicts of interest (“COI”) policies.¹¹ Given the large number of WPPs that a registrant implements to comply with the Commission’s regulations, it is understood that for purposes of the annual report, specific WPP descriptions may appropriately be brief while still identifying the basic purpose of the policy or procedure and how the policy or procedure operates to achieve that purpose. The Division recommends an approach that describes the registrant’s WPPs using two levels of narratives. The first level would include a summary overview that describes the general forms and types of WPPs the registrant has, such as a compliance manual specific to the registrant, global corporate manuals or policies, and/or business-unit-specific WPPs that support the applicable regulatory requirements. This summary overview would provide a narrative of the registrant’s system or program of WPPs, how they work as a whole, and how the registrant generally puts the WPPs into practice as part of its compliance activities. The second level would include a specific description of each WPP, relaying the specific purposes and operative procedures of the WPP in brief. This second level narrative would be closely related to the requirements of Regulation 3.3(e)(2) (discussed in the following section) and, therefore, it would be appropriate to address the requirements of Regulations 3.3(e)(1) and (2) together in the report.

With respect to the COI policy, it is the Division’s view that the CCO should describe the COI policy *specific to the registrant* and address the specific requirements of Regulation 1.71 or Regulation 23.605, as applicable. For example, if the registrant is part of a large enterprise with multiple types of registrants or other regulated entities, or is a large entity itself, the Division believes the COI policy described should relate to the registrant’s futures and swap-dealing activities, as required by Regulation 1.71 or Regulation 23.605, in addition to any enterprise-wide COI policy the firm may describe that also covers employees of the registrant.

Regulation 3.3(e)(2) - Review each applicable requirement under the CEA and Commission regulations, and provide specific information with respect to each.

Regulation 3.3(e)(2) requires the CCO to “[r]eview each applicable requirement under the Act and Commission regulations, and *with respect to each:*” identify the WPPs designed to ensure compliance; provide an assessment of the effectiveness of the WPPs; and discuss areas of improvement and recommend changes and improvements to its compliance program and resources. As discussed above, the requirement to compile an annual assessment of the registrant’s compliance program is intended to promote compliance behavior through a self-evaluation. A review of each applicable requirement as specified by the regulation ensures that the registrant considers all of the regulatory requirements applicable to the registrant.

¹¹ The policies and procedures are those needed to ensure compliance with the CEA and Commission regulations relating to the registrant’s swaps activities or business as a futures commission merchant, as applicable. *See* 17 C.F.R. § 3.3(a).

Documenting in the annual report the results of the review of each applicable requirement for the purposes identified in the subsections of Regulation 3.3(e)(2) demonstrates the extent to which the full self-evaluation contemplated by Regulation 3.3 has occurred.

The Division notes that many of the regulation sections applicable to a registrant may have multiple requirements. While the Division generally advises CCOs to review each requirement within each regulation separately to demonstrate that the review of each requirement as specified in Regulation 3.3(e)(2) has occurred, it may be appropriate to review some closely related requirements together. For example, consider Regulation 23.402 – General Provisions. Each of subsections (b) *Know your counterparty*, (c) *True name and owner*, (d) *Reasonable reliance on representations* and (g) *Record retention*, represents a fairly distinct requirement and thus should be reviewed individually. On the other hand, subsections (e) *Manner of disclosure*, and (f) *Disclosures in a standard format*, are closely related and thus could be reviewed together, provided the annual report makes clear that the requirements are being reviewed jointly.

3.3(e)(2)(i) Identify the policies and procedures that are reasonably designed to ensure compliance with the requirement under the CEA and Commission regulations.

Regulation 3.3(e)(2)(i) requires the CCO to identify the WPPs that are reasonably designed to ensure compliance with each requirement. Information associated with the WPPs that may be helpful in understanding the registrant's identification and review process would include describing expiration dates associated with the WPPs, any mandatory review periods designated by the registrant for the various WPPs, and identification of the persons responsible for reviewing the specific WPPs. Registrants have chosen to approach Regulation 3.3(e)(2)(i) in various ways. The Division has observed that a chart format is an efficient mechanism for presenting what is, for most registrants, a substantial amount of information given the large number of requirements and corresponding WPPs. Please refer to the last section of this advisory for a more detailed explanation of how a chart may be used effectively and efficiently to address the WPP identification requirement in the annual report.

3.3(e)(2)(ii) Provide an assessment as to the effectiveness of these policies and procedures.

Regulation 3.3(e)(2)(ii) requires the CCO to provide an assessment of the effectiveness of the WPPs, again, with respect to each requirement of the regulations. A number of reports reviewed by the Division had shortcomings in addressing this regulation. Some reports included a narrative description of the assessment methods used by the registrant and provided only a general indication of effectiveness of all WPPs. No statements regarding the assessment results on a requirement by requirement basis were provided. In addition, some annual reports focused heavily on the reliance placed on external audits and reviews rather than describing the registrant's own activities in assessing the adequacy of its WPPs.

Assessing, on a periodic basis, the effectiveness of a registrant's WPPs for each requirement of the regulations ensures that the registrant is evaluating whether it has the

appropriate mechanisms in place to adequately address compliance with respect to each applicable requirement in the regulations.¹² The Division believes that, while a narrative description of the processes used to assess the effectiveness of the WPPs is an important element of the annual report and should be included, an identification of the assessment methods used and the conclusions reached for each requirement should also be provided in the report. Since Regulation 3.3(e)(2)(ii) requires an assessment of the WPPs' effectiveness *with respect to each applicable requirement under the CEA and Commission regulations*, a general narrative that only outlines the process the CCO used to make the assessment, and that does not address each applicable regulatory requirement, would be insufficient.

Furthermore, it is the Division's view that the annual report should include a conclusion by the registrant of effectiveness with respect to each requirement's corresponding WPPs. A conclusion of effectiveness is not necessarily a binary "yes" or "no" proposition. Rather, a rigorous assessment could include a more nuanced conclusion, such as, for example "partially effective" or "effective, but improvements will be made." If the assessment concludes that a particular WPP is partially or wholly ineffective or could be improved upon, the CCO annual report should include a discussion of the reasons for that conclusion and the steps taken or to be taken to address the issue. A chart may be a useful tool for this section of the report, as well. Please refer to the last section of this advisory for an explanation on how a chart could be utilized to address this requirement of the annual report.

More generally, in assessing a registrant's compliance policies and procedures, the Division understands that some registrants may have different processes for obtaining the information included and making the assessments required. For example, one common process is to use a hierarchical certification or sub-certification process to allow the CCO or Chief Executive Officer to attest to the assessment. The Division recommends that the annual report include a description of the processes used by the registrant so that the information provided and the basis for the conclusions reached in the report can be more completely understood.

3.3(e)(2)(iii) Discuss areas for improvement, and recommend potential or prospective changes or improvements to its compliance program and resources devoted to compliance.

Regulation 3.3(e)(2)(iii) requires two components in the annual report: (1) an identification and discussion of the area that needs improvement; and (2) a discussion of what changes the CCO is recommending to address the area needing improvement. In general, the CCOs should be actively working to ensure compliance with the CEA and Commission regulations, which includes identifying and recommending ways in which the compliance program can be improved. The Division recommends that the annual report include, as applicable: (1) a detailed discussion of why the CCO believes the particular area needs

¹² The Commission has stated, "[t]he annual compliance report will help . . . assess whether the registrant has mechanisms in place to address adequately compliance problems that could lead to a failure of the registrant." *Adopting Release*, 77 Fed. Reg. at 20193.

improvement; (2) a discussion of the improvements to be implemented and the time frame for implementing the improvements; and (3) a cross-reference to the regulation that a particular recommendation or enhancement to the compliance program addresses. If a CCO annual report makes no recommendations for changes or improvements to the compliance program, the Division staff may have questions regarding the robustness of the CCO's active review of the compliance program. Moreover, in the Division's view, there should be continuity from one report cycle to the next, such that where a previous report discussed future changes or improvements that were being planned, subsequent reports should discuss the outcomes of the changes that were implemented during the most recent scope period, any monitoring or testing of those changes, whether any compliance issues arose from the changes and, if there were any issues, how those issues were handled. While this section may address historical improvements to the compliance program that are already completed, particularly regarding improvements identified in prior reports, the Division believes that its primary purpose should be to discuss recommended improvements in process and/or future plans to improve the registrant's compliance program.

Regulation 3.3(e)(3) - List any material changes to compliance policies and procedures during the coverage period of the report.

Regulation 3.3(e)(3) requires that the annual report list any material changes to the registrant's compliance policies and procedures during the coverage of the report. When describing any material changes to the WPPs, the Division recommends that CCOs include a description of the standard of materiality used. This will provide meaningful context for any reported changes to the WPPs. If the CCO needs to report a large number of material changes, the CCO could elect to include a brief description for each material change, including the reason for the change, in a chart. As stated previously, the Division notes that the chart is merely a mechanism to encourage meaningful discussion, rather than a substitute for discussion. Although CCOs may use a chart as an efficient way to address material changes to the WPPs, there should be substantive discussion of the material changes. The Division recommends that CCOs consider grouping requirements by category for ease of discussing material changes to WPPs to the extent the changes are related.

Regulation 3.3(e)(4) - Describe the financial, managerial, operational, and staffing resources set aside for compliance with respect to the CEA and Commission regulations, including any material deficiencies in those resources.

The Division is of the view that such a description should assist in assessing whether sufficient resources are dedicated to compliance. Accordingly, the Division would recommend that the description include the following types of information: (1) total budget allocated to the compliance department of the registrant for compliance with the CEA and Commission regulations (*e.g.*, the amounts allocated for personnel, technology, training, and travel (as applicable)); (2) total staffing (*e.g.*, full-time employee counts); (3) partially allocated staff counts (if applicable), with information on how much of such employees' time is devoted to the registrant's compliance matters that are subject to CFTC oversight; (4) explanation of managerial

resources (the explanation should make clear the division between staffing resources and management resources devoted to compliance); and (5) detailed infrastructure information (*e.g.*, computers, technology infrastructure, etc.). The Division believes that in most cases, to appropriately address this requirement in a manner that would effectively inform the BOD or senior officer and the Commission, the description would include numerical information for the financial, managerial, operating, and staffing resources allocated to compliance with the CEA and Commission regulations. It would also be beneficial for registrants to include a detailed description of the CCO and CEO's prior experience and educational background which supports their roles in assessing compliance with the CEA and Commission regulations.

Depending on how the compliance department of the registrant is organized, the Division understands that a discussion of specific budget allocations for the section of the compliance department devoted specifically to the registrant may not be as straight forward as described above, primarily because registrant compliance resources may be shared. The purpose of this regulation is to have a clear understanding of all the resources the registrant has set aside for compliance with the CEA and Commission regulations. While the Division understands that some of the compliance resources used in the registrant's compliance program may also be used to undertake compliance activities for other parts of a larger corporate enterprise in which the registrant is only one part, this sharing of resources would not negate the registrant's obligation to discuss how the registrant's compliance program is being resourced. For those instances where compliance resources are shared, in addition to a meaningful discussion of the current financial, staffing, operational, and managerial resources dedicated solely to the registrant in the level of detail described above, the Division recommends that the CCO also describe those partially allocated resources in as much detail as is necessary to demonstrate a full assessment of the total resources being used for registrant specific compliance activities.

Regulation 3.3(e) also requires this section of the annual report to include a discussion of the CCO's views regarding any material deficiencies in compliance resources. If the CCO does not believe any material deficiencies exist in the resources being devoted to his or her department, the Division recommends that the annual report contain a statement to that effect, particularly if there have been changes in the registrant's futures or swaps activities or compliance resources since the end of the prior reporting period. If, for example, there has been a reduction in compliance staff from the previous reporting period, there was a significant compliance budget decrease during the reporting period, or the registrant initiated significant new business activities, the Division recommends that the annual report include an explanation of why the allocated resources are not deficient in light of the changes that occurred.

Regulation 3.3(e)(5) – Describe any material non-compliance issues identified, and the corresponding action taken.

In connection with the requirement to describe any material non-compliance issues, the annual report should include an explanation of the standard the registrant used to determine a non-compliance event's materiality. In addition, this section of the report should contain a description of each material non-compliance issue identified either through self-assessment

procedures conducted within the registrant or noted by any external entities which conducted a review of the registrant. The description should also include the corresponding actions taken, described in reasonable detail, as well as specific references to the Commission regulation or regulations that are implicated by the non-compliance event. Specifically, the Division recommends that the annual report include a discussion of how the registrant reached a decision on a course of remediation, how the implementation of the remediation was executed, any follow-up testing of the remediation and any noteworthy results from such testing. Additionally, the Division recommends that CCOs consider including an overview of how the CCO or compliance department handles and tracks non-compliance events in general.

Using a Chart to Convey Certain Information

In several places in this letter, it is noted that a chart may be an appropriate mechanism to convey certain types of information in an efficient and digestible manner. This letter does not mandate that a chart or any other particular format must be used. The annual report may be organized and structured in a variety of ways, provided that the report meets the applicable requirements of the CEA and the Commission's regulations. Furthermore, the Division cautions that a summary chart is not a substitute for a complete and substantive discussion of the material issues that must be addressed in the annual report to fully inform the BOD or the senior officer regarding the registrant's compliance program.

Given the number of regulatory requirements applicable to most registrants, a chart format may be useful to identify the applicable regulatory requirements and with respect to each, describe the related WPPs as required by Regulations 3.3(e)(2)(i) and 3.3(e)(1). In addition, it may be useful and more efficient for review purposes if for each regulation, the chart included a cross reference to the specific WPPs of the registrant that address that regulation. For example, the chart could cross reference to a registrant compliance document and sub-section or page number therein where the language addressing each requirement is located.¹³

The assessment of the effectiveness of the WPPs as required by Regulation 3.3(e)(2)(ii) is another area where a chart might be useful because the regulation requires an assessment of each requirement. The chart could give a concise, summary effectiveness assessment of the WPPs with respect to each requirement (for example, "Effective" or "Not effective," or other appropriate conclusory assessments, such as "Effective but needs improvement"). In addition, it would be useful if the CCO included in such a chart the methods used to assess effectiveness. For example, a CCO may separately describe the methods used to assess effectiveness (*e.g.*, testing, routine monitoring, self-reports, certifications or attestations, and/or internal audits). In

¹³ The Division notes that, based on discussions with a number of registrants, the use of policy and procedure management software, while not mandated by any regulation, could provide registrants with a useful tool to aid in the identification of their WPPs, the mapping of each WPP to the corresponding rule(s), tracking of any changes, and archiving of previous policy versions. Using this type of management tool, a registrant can more quickly identify which version of a policy was in force at any given time, as well as helping registrants review each WPP on an annual basis.

doing so, the CCO could then prepare a key for these methods and then in the chart identify which methods were used to assess each WPP.

It is noted, however, that use of the chart for this purpose should not be a substitute for a meaningful discussion of WPPs that are deemed to be ineffective or needing improvement. A more detailed discussion of these matters, as described above, would be needed to appropriately inform the BOD or senior officer regarding the issues involved.

Below is a partial table that is being provided as an *example* of how a chart can address a number of the CCO annual report requirements. The information provided in the cells of the table is fictional and is included only to give registrants a sense of the type of information and level of detail that could be included in a chart. Furthermore, it is noted that this example is incomplete and that the Division does not intend the example to be considered as a required template. CCOs may consider including other columns or types of information if they judge that such information can be effectively and efficiently provided in a chart.

CFTC Rule	Name of Corresponding WPP	Description of Corresponding WPP	Page Number or Location of Relevant Provision Relating to CFTC Rule	Conclusion of Effectiveness	Category on which effective assessment is based
23.605(c)(1)(i-iv) Research Analysts and Research Reports – Restrictions on relationship with Research Department	Conflicts of Interest WPP for SD Registrant	This WPP addresses the various CFTC requirements found in Regulation 23.605 relating to research analyst personal financial interests and conflicts between the research function and other business units within the swap dealer.	SD Registrant Compliance Manual, Section XXX.x (in 2014 version updated 4/1/14, page number XXX)	Effective	Testing
23.605(c)(2) Restrictions on communications	Conflicts of Interest WPP for SD Registrant; Code of Ethics WPP for SD Parent (Generally)	The Conflicts of Interest WPP addresses the various CFTC requirements found in Regulation 23.605 relating to research analyst personal financial interests and conflicts between the research function and other business units within the swap dealer. The Code of Ethics WPP for SD Parent addresses codes of conduct expected of all Parent employees.	SD Registrant Compliance Manual, Section XXX.x(x) (in 2014 version, updated 4/1/14, page number XXX); In Parent Code of Ethics Policy, see Section XXX.x, Improper Employee Communications (page XXX in version updated 1/1/14)	Effective, but will be improved. See section on recommended improvements on pg. XX of annual report.	Daily/Monthly/Quarterly Monitoring
23.605(c)(3) Restrictions on	Conflicts of Interest WPP	This WPP addresses the various CFTC requirements	SD Registrant Compliance	Effective	Audit

research analyst compensation	for SD Registrant	found in Regulation 23.605 relating to research analyst personal financial interests and conflicts between the research function and other business units within the swap dealer.	Manual, Section XXX.x(x) (pg. XXX in version updated 4/1/14)		
23.605(c)(4) Prohibition on promise of favorable research	Conflicts of Interest WPP for SD Registrant	This WPP addresses the various CFTC requirements found in Regulation 23.605 relating to research analyst personal financial interests and conflicts between the research function and other business units within the swap dealer.	SD Registrant Compliance Manual, Section XXX.x (pg. XXX in version updated 4/1/14)	Not effective. See section on recommended improvements on pg. XX of annual report.	Regulatory Examination
23.605(c)(5)(i-iv) Disclosure requirements	Conflicts of Interest WPP for SD Registrant; Code of Ethics WPP for SD Parent (Generally)	The Conflicts of Interest WPP addresses the various CFTC requirements found in Regulation 23.605 relating to research analyst personal financial interests and conflicts between the research function and other business units within the swap dealer. The Code of Ethics WPP for SD Parent addresses codes of conduct expected of all Parent employees.	SD Registrant Compliance Manual, Section XXX.x(x) (in 2014 version, updated 4/1/14, page numbers XXX-XXX); In Parent Code of Ethics Policy, see Section XX, Disclosing Personal Financial Interests (page XX in version updated 1/1/14)	Effective	Self-Reporting (Employee Reporting)

Should you have any questions on the information contained in this advisory, please contact the undersigned Thomas J. Smith, Acting Director (tsmith@cftc.gov; 202-418-5977), Erik Remmler, Deputy Director (eremmler@cftc.gov; 202-418-7630), Katherine Driscoll, Associate Director (kdriscoll@cftc.gov; 202-418-5544), Brian G. Mulherin, Associate Director (bmulherin@cftc.gov; 202-418-6622), or Pamela M. Geraghty, Special Counsel (pgeraghty@cftc.gov; 202-418-5634).

Sincerely,

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Acting Director
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Intermediary Oversight