




U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Clearing and Risk

Ananda Radhakrishnan
Director

MEMORANDUM

TO: All Registered Derivatives Clearing Organizations (DCOs)
FROM: Ananda Radhakrishnan 
DATE: February 26, 2013
SUBJECT: Filing of Annual Reports of the Chief Compliance Officer (CCO)

The purpose of this memorandum is to provide guidance to DCOs on the requirement to prepare and submit to the Commission an annual report of the CCO (“CCO annual report” or “report”) concurrently with the filing of the fiscal year-end audited financial statement. For those DCOs that have a fiscal year ending December 31, 2012, the first CCO annual report is due March 31, 2013.

While there is no required template for presentation of the information contained in the CCO annual report, Regulation 39.10(c)(3) and (4) does set forth substantive and procedural requirements, respectively, for the report. The CCO annual report, which must be certified by the CCO, must contain, at a minimum:

- a description of the DCO’s written policies and procedures, including the code of ethics and conflict of interest policies;
- identification of the compliance policies and procedures designed to ensure compliance with the core principle;
- an assessment of the effectiveness of the policies and procedures;
- a discussion of areas for improvement and recommendation of potential or prospective changes or improvements to the DCO’s compliance program and resources allocated to compliance;
- a list of any material changes to compliance policies and procedures since the last annual report;

- a description of the financial, managerial, and operational resources set aside for compliance with the Commodity Exchange Act and Commission regulations; and
- a description of any material compliance matters, including incidents of noncompliance, since the date of the last annual report, accompanied by a description of the corresponding action taken.

Prior to submitting the CCO annual report to the Commission, the CCO must transmit the report to the board of directors or the senior officer of the DCO for review. Such transmission must be recorded in the board minutes or elsewhere, as proof that the board of directors or senior officer has received the report.

The CCO annual report, along with the DCO's fiscal year-end audited financial statement, must be submitted electronically to the Secretary of the Commission not more than 90 days after the end of the DCO's fiscal year, through the CFTC Portal, <https://portal.cftc.gov>.

Regulation 39.19(c)(4)(iv) permits a DCO to request an extension of time for the submission of the CCO annual report. Any DCO that may need an extension should contact Eileen Donovan as soon as possible (see contact information below).

A DCO may request confidential treatment of information contained in the CCO annual report by submitting a petition to the Commission pursuant to Regulation 145.9, requesting that such information not be disclosed.

Should you have any questions on the information contained in this memo, please contact Eileen Donovan, Associate Director (EDonovan@cftc.gov; 202-418-5096) or, Andrea Musalem, Special Counsel (AMusalem@cftc.gov; 202-418-5167).