

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:

**Société Générale International
Limited,**

Respondent.

CFTC Docket No. 19-38

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7:22 pm, Sep 30, 2019

**ORDER INSTITUTING PROCEEDINGS PURSUANT TO
SECTION 6(c) AND (d) OF THE COMMODITY EXCHANGE ACT, MAKING
FINDINGS, AND IMPOSING REMEDIAL SANCTIONS**

I. INTRODUCTION

The Commodity Futures Trading Commission ("Commission") has reason to believe that from December 31, 2012, to at least June 2019 ("Relevant Period"), Société Générale International Limited ("Respondent" or "Société Générale International") violated Sections 2(a)(13)(F) and (G), 4s(f)(1)(A), and 4s(h)(1)(B) of the Commodity Exchange Act ("Act"), 7 U.S.C. §§ 2(a)(13)(F), (G), 6s(f)(1)(A), 6s(h)(1)(B) (2012), and Commission Regulations ("Regulations") 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, and 46.3, 17 C.F.R. §§ 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, 46.3 (2019). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondent engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

In anticipation of the institution of an administrative proceeding, Respondent has submitted an Offer of Settlement ("Offer"), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondent consents to the entry of this Order Instituting Proceedings Pursuant to Section 6(c) and (d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions ("Order") and acknowledges service of this Order.¹

¹ Respondent consents to the use of the findings of fact and conclusions of law in this Order in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agrees that they shall be taken as true and correct and be given preclusive effect therein, without further proof. Respondent does not consent, however, to the use of this Order, or the findings or conclusions herein, as the sole basis for any other proceeding brought by the Commission or to which the Commission is a party or claimant, other than: a proceeding in bankruptcy or receivership; or a proceeding to enforce the terms of this Order. Respondent does not

II. FINDINGS

The Commission finds the following:

A. SUMMARY

Reporting is at the heart of the Commission's market and financial surveillance programs, which are critical to the Commission's mission to protect market participants and promote market integrity. Accurate swap data is essential to effective fulfillment of the regulatory functions of the Commission, including meaningful surveillance and enforcement programs.

As a provisionally registered swap dealer ("SD"), Société Générale International is required to comply with certain reporting requirements related to its swap transactions. During the Relevant Period, Société Générale International failed to comply with its swap data reporting obligations by over-reporting, under-reporting, and misreporting millions of swaps to a swap data repository ("SDR"). Société Générale International's swap data reporting failures were widespread and systemic, and occurred in all asset classes and across its reporting obligations under Part 20, Part 43, Part 45, and Part 46 of the Regulations, 17 C.F.R. pts. 20, 43, 45, 46 (2019). Société Générale International therefore failed to report properly millions of swaps subject to real time, creation data, and pre-enactment and transition swaps reporting requirements.² Société Générale International also failed to submit daily large trader reports ("LTRs") for certain reportable positions in physical commodity swaps and submitted erroneous LTRs for other reportable positions.

A portion of Société Générale International's swap data reporting failures stemmed in part from a failure to implement policies and procedures reasonably designed to obtain and record facts about its counterparties needed to determine whether its counterparties were U.S. persons, or conduit affiliates or guaranteed affiliates of U.S. persons, and, in turn, whether transactions with those counterparties were subject to reporting requirements of the Act and Regulations. Société Générale International's compliance failures also resulted from a failure to have an adequate system to supervise certain activities relating to its business as a swap dealer.

* * *

In accepting Société Générale International's Offer, the Commission recognizes Société Générale International's self-reporting and cooperation with the Division of Enforcement's ("Division") investigation of this matter, explained in more detail below. The Commission notes that its determination of the civil monetary penalty in this matter reflects a substantial reduction

consent to the use of the Offer or this Order, or the findings or conclusions in this Order, by any other party in any other proceeding.

² Pre-enactment swaps are those swaps entered into prior to the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), Pub. L. 111-203, 124 Stat. 1376 (2010), the terms of which have not expired as of the date of enactment of Dodd Frank, and transition swaps are those entered into between Dodd-Frank's enactment date and the applicable compliance date for swap data recordkeeping and reporting under Part 46 of the Regulations.

from the otherwise applicable penalty based upon Société Générale International's self-reporting of violations to the Commission, its cooperation with the Division's investigation, and its comprehensive remediation efforts.

B. RESPONDENT

Respondent Société Générale International Limited is a provisionally registered swap dealer with a principal place of business in London, United Kingdom. Société Générale International is the successor of Newedge UK Financial Ltd., which became a provisionally registered swap dealer on December 31, 2012.

C. FACTS

1. Société Générale International's Swap Data Reporting Failures

a. Société Générale International's Failure To Report and Misreporting of Swaps

Société Générale International, as a provisionally-registered SD, is a reporting counterparty required to report certain data about certain swap transactions to an SDR. During the Relevant Period, Société Générale International over-reported, under-reported, and misreported millions of swaps. Société Générale International's swap data reporting failures were widespread and systemic, and occurred in all asset classes and across its reporting obligations under Part 43, 45, and 46 of the Regulations, 17 C.F.R. pts. 43, 45, 46 (2019).

From December 2012 through April 2019,³ Société Générale International failed to report over 2.7 million swaps and over-reported almost 1 million swaps. As discussed further below, a portion of Société Générale International's under- and over-reporting errors were due in part to Société Générale International failing to identify and record whether its counterparties were U.S. persons, or a conduit affiliate or guaranteed affiliate of a U.S. person. Without this information, Société Générale International was unable to properly determine which of its transactions were subject to the reporting requirements of the Act and Regulations. Where Société Générale International failed to submit trades required to be reported to an SDR, data for these trades was not disseminated to the market through the real time public tape, and data for these trades was not reported to the Commission.

Société Générale International also misreported approximately 2.5 million swaps by reporting the swaps with errors in various data fields. For example, for foreign exchange ("FX") swaps (the largest part of Société Générale International's business), Société Générale International reported incorrect data in multiple data fields required to be reported under Part 43 and Part 45. These errors included Société Générale International incorrectly identifying itself as a U.S. person, reporting null entries where a value was required, reporting inaccurate execution times, and failing to report a counterparty's Legal Entity Identifier ("LEI"). With respect to Part 46 reporting, Société Générale International erroneously reported null values for the majority of

³ Although Société Générale International completed implementing the last of its new data reporting architectures in April 2019, it continued to misreport a small number of swaps through June 2019.

fields required to be reported and made various errors in some of the data that it did report, including failing to report its counterparty's LEI.

b. Société Générale International's Failure To Submit Large Trader Reports and Submission of Erroneous Large Trader Reports

As a provisionally-registered SD, Société Générale International is required to submit LTRs in the form and manner determined by the Commission. During the Relevant Period, Société Générale International had reporting failures associated with fifty-four of its counterparty accounts that required Part 20 reporting. For twenty-eight accounts, Société Générale International failed to submit LTRs entirely during the period March 2013 through November 2018. For twenty-six accounts, Société Générale International filed LTRs that contained errors in five fields of data during the period March 2013 through June 2019.

2. Société Générale International's Failure To Implement Policies and Procedures Reasonably Designed To Obtain and Record Essential Facts About Its Counterparties

A portion of Société Générale International's swap data reporting failures stemmed from Société Générale International's failure to implement, as required by Regulation 23.402(b), 17 C.F.R. § 23.402(b) (2019), policies and procedures reasonably designed to obtain and record facts regarding whether its swap counterparties were U.S. persons, or a conduit affiliate or guaranteed affiliate of a U.S. person. These facts were needed to determine whether Société Générale International's transactions with those counterparties were subject to reporting requirements.

Although Société Générale International sought to ascertain its counterparty's U.S. person status through Société Générale International's counterparty onboarding process, prior to February 2017 Société Générale International's onboarding process was deficient. For example, Société Générale International's onboarding process failed to result in a proper identification of whether a counterparty was a U.S. person, or a conduit affiliate or guaranteed affiliate of a U.S. person. Although Société Générale International had a written onboarding procedure, it lacked detail, and Société Générale International's onboarding team lacked training in how to properly determine a counterparty's U.S. person status. Further, Société Générale International did not have a formal recordkeeping framework in place to maintain records of the U.S. person status of its counterparties. Société Générale International therefore did not retain counterparty onboarding documents such as the standard form International Swaps and Derivatives Association ("ISDA") Cross-Border Representation Letter.⁴ Société Générale International also held counterparty onboarding data in multiple systems, and the information was not readily available to those within Société Générale International that may have needed it. Finally, Société Générale International failed to feed information about each counterparty's U.S. person status into Société Générale International's swap data reporting systems.

⁴ The ISDA Cross-Border Representation Letter summarizes the relevant Commission guidance and asks the counterparty to represent whether or not it has certain characteristics that are relevant to assessing the applicability of the Act and Regulations.

3. Société Générale International's Failure To Supervise Diligently

Société Générale International's swap data reporting and compliance failures were due, in part, to deficiencies in Société Générale International's swaps supervisory system. During the Relevant Period, Société Générale International did not establish systems sufficient to comply with its swap data reporting requirements. Société Générale International's lack of an effective supervisory system is evidenced by the widespread nature of its reporting failures, which occurred across its various swap data reporting obligations and across asset classes, and the fact that these failures went undetected and uncorrected for an extended period of time. Société Générale International's lack of an effective supervisory system is further demonstrated by the deficiencies in its counterparty onboarding process described above.

4. Société Générale International's Self-Reporting, Cooperation, and Remediation

After self-identifying weaknesses in its counterparty onboarding procedures and potential swap data reporting failures, Société Générale International initiated a review of its swap data reporting compliance and engaged an outside vendor to assist it in identifying and remediating swap data reporting errors. In February 2017, Société Générale International disclosed to the Commission areas of significant concern with respect to its swap data reporting compliance. Société Générale International's self-report led to the Division opening its investigation.

After its disclosure, Société Générale International continued to conduct its review and cooperated with the Division's investigation. Société Générale International's cooperation resulted in material assistance to the Division's investigation. Société Générale International voluntarily and promptly provided information and updates to Division staff, categorized and detailed errors in its reporting, and disclosed additional deficiencies as Société Générale International discovered them. Société Générale International's assistance conserved the time and resources of Division staff.

Société Générale International also represented to the Commission that it engaged in comprehensive remediation efforts and devoted substantial resources to those efforts, including voluntarily engaging an outside vendor to assist with both backward looking and forward looking remediation. With the aid of its outside vendor, Société Générale International systematically analyzed its historic swap data reporting to identify errors. Société Générale International then undertook to correct all of those errors and began backreporting corrected data to an SDR in February 2018. Société Générale International completed the vast majority of its backreporting by February 2019 and completed all of its backreporting by July 2019. Société Générale International backreported over thirteen million messages to an SDR. Société Générale International's remediation efforts also included engaging in forward-looking remediation to ensure compliant reporting in the future, including designing new swap data reporting architectures. In September 2017, Société Générale International began deploying new swap data reporting architectures by product, starting with FX products. Société Générale International continued to deploy additional reporting architectures for other products through April 2019. Société Générale International also restructured its client onboarding and reporting process and controls and established a swap dealer oversight committee to monitor compliance with Société Générale International's Dodd-Frank obligations, including swap data reporting

obligations. In addition to the oversight committee, Société Générale International put in place monitors and controls that evaluate the completeness, accuracy and timeliness of Société Générale International's swap data reporting. Société Générale International undertook extensive remediation efforts, which went beyond the steps highlighted above.

Société Générale International also represented that as part of its remediation, it verified the U.S. person status of all of its active counterparties and analyzed the U.S. person status of all of its former counterparties.⁵ Société Générale International began its U.S. person remediation program in April 2016 and, as of February 2017, Société Générale International implemented a new counterparty onboarding process designed to identify and record each counterparty's U.S. person status. This process included, among other things, Société Générale International updating its procedures, developing controls to monitor the U.S. person status of its counterparties, providing new training programs to its onboarding team, and revising its systems to feed the U.S. person status of each counterparty into the Société Générale International data repositories used for swap data reporting. Société Générale International completed remediation of its U.S. person identification issue by January 2018.

Due to Société Générale International's self-reporting, cooperation, and comprehensive remediation, the civil monetary penalty imposed by the Commission has been substantially reduced from the otherwise applicable penalty.

III. LEGAL DISCUSSION

A. Société Générale International Failed To Report and Misreported Swaps

All swaps, both cleared and uncleared, are required to be reported to a registered SDR, and the Act establishes requirements for real-time reporting and public availability of swap transaction data. *See* Sections 2(a)(13)(F) and (G) of the Act, 7 U.S.C. § 2(a)(13)(F), (G) (2012). Pursuant to these requirements, the Commission adopted implementing reporting regulations, including those under Parts 43, 45, and 46 of the Regulations, 17 C.F.R. pts. 43, 45, 46 (2019). The requirements under these regulations were phased-in over time based upon asset classes. *See* Real-Time Public Reporting of Swap Transaction Data, 77 Fed. Reg. 1182 (Jan. 9, 2012); Swap Data Recordkeeping and Reporting Requirements, 77 Fed. Reg. 2136 (Jan. 13, 2012); Swap Data Recordkeeping and Reporting Requirements: Pre-Enactment and Transition Swaps, 77 Fed. Reg. 35,200 (June 12, 2012).

Part 43 of the Regulations establishes requirements for the real-time public reporting and public availability of swap transaction and pricing data. *See* Regulations 43.2 and 43.3, 17 C.F.R. §§ 43.2, 43.3 (2019). Regulation 43.3 requires that reporting parties must report any publicly reportable swap transaction to an SDR as soon as technologically practicable after the swap transaction is executed.

⁵ Société Générale International ultimately confirmed that, due to a misidentification of its counterparty's U.S. person status, it had under-reported transactions for 13 counterparties and over-reported transactions for 37 counterparties, but Société Générale International was unable to determine the U.S. person status for 113 former counterparties.

Regulation 45.3, 17 C.F.R. § 45.3 (2019), requires reporting parties to, among other things, report swap creation data to an SDR. Regulation 45.3 also sets forth the requirements for reporting swap creation data, including primary economic terms data and confirmation data.

Part 46 of the Regulations requires reporting parties to make reports regarding pre-enactment and transition swaps. In particular Regulation 46.3, 17 C.F.R. § 46.3(a) (2019), requires that for each pre-enactment swap or transition swap, the reporting counterparty shall report to an SDR, among other things, minimum primary economic terms data.

The accuracy and completeness of swap data reporting are critical to the Commission's mission to protect market participants and to ensure market integrity. *See, e.g., In re Citibank, N.A.*, CFTC No. 17-26, 2017 WL 4280594 (Sept. 25, 2017) (consent order); *In re Société Générale S.A.*, CFTC No. 17-01, 2016 WL 7210405 (Dec. 7, 2016) (consent order); *In re Deutsche Bank AG*, CFTC No. 15-40, 2015 WL 5783049 (Sept. 30, 2015) (consent order). Market participants rely upon the public availability of swaps transaction and pricing data for price discovery purposes. The Commission, in turn, requires complete and accurate swap data to engage in meaningful oversight of the swaps market, including for its surveillance and enforcement program.

From December 2012 through April 2019, Société Générale International failed to properly report millions of swap transactions to an SDR, in violation of Section 2(a)(13)(F) and (G) of the Act, 7 U.S.C. § 2(a)(13)(F), (G) (2012), and Regulations 43.3, 45.3, and 46.3, 17 C.F.R. §§ 43.3, 45.3, 46.3 (2019).

B. Société Générale International Failed To Submit Large Trader Reports and Submitted Erroneous Large Trader Reports

Pursuant to Regulation 20.4, 17 C.F.R. § 20.4 (2019), SDs that meet certain requirements are required to file daily LTRs for reportable positions in physical commodity swaps, which are populated with specific data as directed by the Commission. Regulation 20.4(c) requires that certain enumerated data elements be included in a swap dealer's data report. These data elements include, among others: the commodity underlying the reportable positions, the commodity reference price, futures equivalent month, long paired swap positions and short paired swap positions, swaption strike price, name of the counterparty, a cleared or uncleared indicator, and an identifier indicating that a principal or counterparty position is being reported.

The LTRs must also conform to the form and manner for reporting and submitting information as set forth in Regulation 20.7, 17 C.F.R. § 20.7 (2019). Regulation 20.7 provides, in relevant part:

Unless otherwise instructed by the Commission, a clearing organization or reporting entity shall submit data records and any other information required under this part to the Commission . . .
(a) Using the format, coding structure, and electronic data transmission procedures approved in writing by the Commission.

The prescribed manner and form of reporting and submitting LTRs is provided in the Part 20 Guidebook.⁶

Large trader reporting for physical commodity swaps is essential to the Commission's ability to conduct effective surveillance of markets in U.S. physical commodity futures and economically equivalent swaps. Failure to comply with the reporting specifications set forth by the Commission hinders the Commission's ability to efficiently process and effectively utilize this critical data. The accuracy of the reports is critical to the mission of the Commission for numerous reasons, including surveillance of the markets to detect disruptions to market integrity, enforcement, and calculating statistics that the Commission publishes to enhance market transparency. *See, e.g., In re Wells Fargo Bank, N.A.*, CFTC No. 16-32, 2016 WL 5582342, at *2 (Sept. 27, 2016) (consent order).

During the Relevant Period, Société Générale International failed to submit LTRs for reportable positions for certain counterparty accounts, and Société Générale International submitted LTRs with errors for other counterparty accounts. Accordingly, Société Générale International violated Regulations 20.4 and 20.7.

C. Société Générale International Violated Section 4s(f)(1)(A) by Failing To Make Required Reports

Pursuant to Section 4s(f)(1)(A) of the Act, 7 U.S.C. § 6s(f)(1)(A) (2012), “[e]ach registered swap dealer . . . shall make such reports as are required by the Commission by rule or regulation regarding the transactions and positions and financial condition of the registered swap dealer or major swap participant.” Société Générale International provisionally registered as a swap dealer on December 31, 2012, and, while registered and being a reporting entity with reportable positions, failed to submit LTRs as required by Regulations 20.4 and 20.7, or submitted LTRs with errors. Accordingly, Société Générale International violated Section 4s(f)(1)(A) of the Act.

D. Société Générale International Failed To Implement Required Policies and Procedures

Regulation 23.402(b), 17 C.F.R. § 23.402(b) (2019), requires SDs to implement policies and procedures reasonably designed to obtain and retain a record of the essential facts concerning each counterparty, including facts required to comply with applicable laws, regulations, and rules.

From December 2012 through February 2017, as found above, Société Générale International failed to implement policies and procedures reasonably designed to obtain and

⁶ As previously provided for in Regulation 20.8(a)(4), 17 C.F.R. § 20.8(a)(4) (2017), the Commission delegated certain authority to the Director of the Division of Market Oversight (“DMO”) or others as the Director designated from time to time, including the authority pursuant to Regulation 20.7 “for providing instructions or determining the format, coding structure, and electronic data transmission procedures for submitting data records and any other information required under [Part 20].” Regulation 20.8 was amended to delegate this authority to the Director of the Office of Data and Technology, with the concurrence of the Director of DMO, or such other employee or employees as the Directors may each designate from time to time. *See* Regulation 20.8(d), 17 C.F.R. § 20.8(d) (2019).

record facts regarding whether its swap counterparties were U.S. persons, or a conduit affiliate or guaranteed affiliate of a U.S. person. These facts were essential to determining whether Société Générale International's transactions with those counterparties were subject to the reporting requirements of the Act and Regulations. Accordingly, Société Générale International violated Regulation 23.402(b).

E. Société Générale International Failed To Diligently Supervise Its Swap Dealer Business

Section 4s(h)(1)(B) of the Act, 7 U.S.C. § 6s(h)(1)(B) (2012), requires "diligent supervision of the business of the registered swap dealer." Regulation 23.602, 17 C.F.R. § 23.602 (2019), requires each swap dealer to establish and maintain a system to supervise, and to diligently supervise, all activities relating to its business performed by its partners, members, officers, employees, and agents (or persons occupying a similar function).

Under Regulation 23.602, a violation is demonstrated by showing either that: (1) the registrant's supervisory system was generally inadequate; or (2) the registrant failed to perform its supervisory duties diligently. See *In re Commerzbank AG*, CFTC No. 19-03, 2018 WL 5921385, at *10-11 (Nov. 8, 2018) (consent order); *In re INTL FCStone Markets, LLC*, CFTC No. 15-27, 2015 WL 4980321, at *3 (Aug. 19, 2015) (interpreting Regulation 23.602 and noting its similarity to Regulation 166.3, 17 C.F.R. § 166.3, making caselaw concerning Regulation 166.3 instructive); cf. *In re Murlas Commodities, Inc.*, CFTC No. 85-29, 1995 WL 523563, at *9 (Sept. 1, 1995) (interpreting Regulation 166.3). Evidence of violations that "'should be detected by a diligent system of supervision, either because of the nature of the violations or because the violations have occurred repeatedly' is probative of a failure to supervise." *In re INTL FCStone Markets*, 2015 WL 4980321, at *3 (quoting *In re Paragon Futures Ass'n*, CFTC No. 88-18, 1992 WL 74261, at *14 (Apr. 1, 1992)).

During the Relevant Period, Société Générale International did not have an effective system to supervise certain activities related to its business, which contributed to its swap data reporting and compliance failures. Accordingly, Société Générale International violated Section 4s(h)(1)(B) of the Act and Regulation 23.602.

IV. FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that, during the Relevant Period, Société Générale International violated Sections 2(a)(13)(F) and (G), 4s(f)(1)(A), and 4s(h)(1)(B) of the Act, 7 U.S.C. §§ 2(a)(13)(F), (G), 6s(f)(1)(A), 6s(h)(1)(B) (2012), and Regulations 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, and 46.3, 17 C.F.R. §§ 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, 46.3 (2019).

V. OFFER OF SETTLEMENT

Respondent has submitted the Offer in which it, without admitting or denying the findings and conclusions herein:

A. Acknowledges service of this Order;

- B. Admits the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- C. Waives:
1. The filing and service of a complaint and notice of hearing;
 2. A hearing;
 3. All post-hearing procedures;
 4. Judicial review by any court;
 5. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
 6. Any and all claims that it may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012), and 28 U.S.C. § 2412 (2012), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2019), relating to, or arising from, this proceeding;
 7. Any and all claims that it may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, tit. II, §§ 201–253, 110 Stat. 847, 857–74 (codified as amended at 28 U.S.C. § 2412 and in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this proceeding; and
 8. Any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief, including this Order;
- D. Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondent has consented in the Offer;
- E. Consents, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. Makes findings by the Commission that Respondent violated Sections 2(a)(13)(F) and (G), 4s(f)(1)(A), and 4s(h)(1)(B) of the Act, 7 U.S.C. §§ 2(a)(13)(F), (G), 6s(f)(1)(A), 6s(h)(1)(B) (2012), and Regulations 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, and 46.3, 17 C.F.R. §§ 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, 46.3 (2019);
 2. Orders Respondent to cease and desist from violating Sections 2(a)(13)(F) and (G), 4s(f)(1)(A), and 4s(h)(1)(B) of the Act and Regulations 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, and 46.3;

3. Orders Respondent to pay a civil monetary penalty in the amount of two million five hundred thousand dollars (\$2,500,000), plus post-judgment interest, within ten days of the date of entry of this Order; and
 4. Orders Respondent and its successors and assigns to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VI of this Order; and
- F. Represents that it has already undertaken significant remediation efforts, including, but not limited to, the following:
1. Implementing new onboarding policies and procedures designed to identify and record essential facts concerning each counterparty;
 2. Enhancing its data reporting policies and procedures to bring them up to date with current data reporting requirements and provide for compliant data reporting;
 3. Enhancing its swap data reporting architecture to provide for compliant data reporting;
 4. Implementing swap data reporting controls to monitor for complete, timely, and accurate swap data reporting; and
 5. Backreporting corrected data to an SDR or to the Commission, as applicable, for all of the data reporting errors discussed with Division staff as of the date of the filing of this Order.

Upon consideration, the Commission has determined to accept the Offer.

VI. ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Respondent shall cease and desist from violating Sections 2(a)(13)(F) and (G), 4s(f)(1)(A), and 4s(h)(1)(B) of the Act, 7 U.S.C. §§ 2(a)(13)(F), (G), 6s(f)(1)(A), 6s(h)(1)(B) (2012), and Regulations 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, and 46.3, 17 C.F.R. §§ 20.4, 20.7, 23.402(b), 23.602(b), 43.3, 45.3, 46.3 (2019).
- B. Respondent shall pay a civil monetary penalty in the amount of two million five hundred thousand dollars (\$2,500,000) ("CMP Obligation"), within ten days of the date of the entry of this Order. If the CMP Obligation is not paid in full within ten days of the date of entry of this Order, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2012).

Respondent shall pay the CMP Obligation and any post-judgment interest by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank

money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
Division of Enforcement
6500 S. MacArthur Blvd.
HQ Room 181
Oklahoma City, OK 73169
(405) 954-6569 office
(405) 954-1620 fax
9-AMC-AR-CFTC@faa.gov

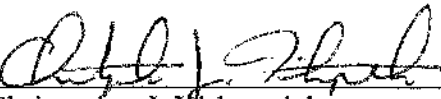
If payment is to be made by electronic funds transfer, Respondent shall contact Marie Thorne or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondent shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

- C. Respondent and its successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:
1. Public Statements: Respondent agrees that neither it nor any of its successors and assigns, agents or employees under its authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondent's: (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondent and its successors and assigns shall comply with this agreement, and shall undertake all steps necessary to ensure that all of its agents and/or employees under its authority or control understand and comply with this agreement.
 2. Cooperation, in General: Respondent shall cooperate fully and expeditiously with the Commission, including the Commission's Division of Enforcement, in this action, and in any current or future Commission investigation or action related thereto. Respondent shall also cooperate in any investigation, civil litigation, or administrative matter related to, or arising from, the subject matter of this action. Respondent's cooperation shall continue for a period of five years from the date of the entry of this Order. As part of such cooperation, Respondent agrees to:

- a. Subject to all applicable laws and regulations, preserve and produce to the Commission in a responsive and prompt manner, as requested by the Division's staff, all non-privileged documents, information, and other materials wherever located in the possession, custody, or control of Respondent;
 - b. Accept service by mail, electronic mail, or facsimile transmission of notices or subpoenas for documents and/or testimony at depositions, hearings, or trials;
 - c. Appoint Respondent's attorney as agent to receive service of such notices and subpoenas; and
 - d. Waive the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules in connection with requests or subpoenas of the Division's staff.
3. Partial Satisfaction: Respondent understands and agrees that any acceptance by the Commission of any partial payment of Respondent's CMP Obligation shall not be deemed a waiver of its obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.
4. Change of Address/Phone: Until such time as Respondent satisfies in full its CMP Obligation as set forth in this Order, Respondent shall provide written notice to the Commission by certified mail of any change to its telephone number and mailing address within ten calendar days of the change.
5. Remediation: Respondent will continue its remediation efforts in relation to the swap data reporting deficiencies that are the subject matter of this Order to provide for compliant swap data reporting. Within 120 days of the entry of this Order, Respondent shall make a report to the Commission, through the Division, concerning its remediation efforts before and since the entry of this Order. Within 365 days of the entry of this Order, Respondent shall submit a written report to the Commission, through the Division, explaining how Respondent has complied with the undertakings set forth herein. The written report shall provide an update on the status of Respondent's remedial efforts, including but not limited to discussion of: the policies, procedures and controls governing Respondent's swap data reporting obligations, including the procedure for the escalation to senior management of swap data reporting issues; independent periodic testing to test compliance with Respondent's swap data reporting obligations; the qualifications and training of staff responsible for compliance; and the status of any swap data reporting issues escalated to senior management. The written report shall contain a certification from Respondent's chief compliance officer(s) regarding whether Respondent has established policies, procedures, and controls to satisfy the undertakings set forth in this Order.

The provisions of this Order shall be effective as of this date.

By the Commission.



Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: September 30, 2019