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**FIA Response to CFTC Questions on
Account Ownership and Control Reporting
March 22, 2011**

CFTC Questions:

1. What mechanism will be used to deliver the weekly OCR information-- FIXML data file?
2. How will the data in the OCR file link to the data in the trade register?
3. What is the related account file? Provide a schema that traces data flow from the sources. Show where the data set exists, how it is created, what's new. Show how it ties back to owner and/or controller
4. What additional information needs to be requested via the Form 40 and Form 102?
5. Spell out what regulatory requirement would be necessary to get what CFTC needs.

Introduction

FIA respectfully requests that the CFTC withdraw the current proposed OCR rule in order to allow the Commission to meet with the FIA OCR working group so that the final details and requirements can be discussed and decided upon.

The FIA has been working for the last several weeks to refine the solution proposed in its December 23 comment letter. The questions recently posed by the CFTC would best be considered if the CFTC's could meet and discuss the alternative proposal with the working group. Without the benefit of working directly with CFTC staff, it was difficult for the industry working group to fully address the CFTC's concerns and capabilities in receiving the data.

Before making the OCR rule final, we believe the CFTC should also review the other Dodd-Frank rulemakings to consider if additional information will be needed to discuss the OCR requirements in the context of all other rulemakings. The goal of this review will be to identify the true aggregate operational and financial impact of the rulemakings, and to gauge if there is any divergence between U.S. rules and non-U.S. rules with respect to any of the data elements.

The following details should provide answers to the questions listed above with the exception of question number 5. We were reluctant to answer question five without final input from the CFTC on whether the industry solution meets the Commission's needs.

Details about the Proposed Industry OCR Alternative

1. The OCR will be a flat file report in FIXML format that will be created each Friday by all active Clearing Firms. The report will identify the owning and controlling parties that the carrying Clearing firm has on record for each trading account that executes volume exceeding a set threshold during the ensuing week.
2. The FIXML format proposed will be an industry standard that will be submitted to the Global FIX Committee for approval and will be published to all active Clearing firms.
3. Once an account has been identified, it will not be re-reported unless there is a change to a key data element.
4. The OCR report will include the proposed data elements attached to the FIA's December 23 response letter and revised at the end of this document, although some details will need to be worked out by the working group prior to final determination of the OCR data elements.
5. OCR reports will only be made by carrying clearing members, which carry customer funds, and have opened accounts on their books for the account owners. Execution firms that give-up the trades to other firms generally do not have and will not be required to submit ultimate ownership information.
6. Clearing firms may need to change their process to always establish a "special account" aka a large trader reporting number for each trading account controller as this is one of the proposed data elements.
7. Reports of trading controllers should be limited to formal "trading control" and not to authorized traders within a corporate entity who do not hold power of attorney for the trading account.
8. Clearing firms that carry and report omnibus accounts in the OCR will use a special flag to denote the account as omnibus and report the omnibus owner of record. This will not identify the specific parties within the omnibus account. If

- the CFTC or other regulatory authorities have a need to seek more information about the parties trading through the omnibus account, they can request ownership and control information on an as-needed basis through the clearing firm, the non-member FCM, or directly from customers.
9. The CFTC will separately obtain the trade registers from each DCM and will conduct any “matching” between the trading account numbers identified on the OCR reports and the clearinghouse trade registers in its own databases. This information will not be collected, matched, or added to the trade registers by the DCMs. If the CFTC wishes to aggregate trading accounts owned by the same party across clearing firms, it can do so in the same manner that it currently aggregates large trade position accounts in its large trader system.
 10. The OCR working group believes that the proposed OCR proposal would result in the automation of approximately three quarters of the CFTC Form 102 information. This automated reporting will greatly improve efficiency both for the CFTC, the DCM SROs, and possibly for the reporting firms. The OCR working group believes that the CFTC could possibly shorten or even eliminate the Form 102, and look to expand the Form 40 as the data elements of the 102 that cannot be provided on an automated basis come from the end clients and are generally not in the possession of the Clearing Firm.
 11. In the context of the other changes involving swap reporting, the Industry OCR group also recommends reviewing any Form 40 changes in the context of the other proposed rules and the CFTC’s strategy for Large Trader use for swaps as well.

Implementing Account Ownership and Control Reporting

1. The CFTC should first automate Form 102 and Form 40. This includes building an online system to complete Form 102 and Form 40 as well as creating the database to support it. We can work with the Commission to convene a working group of exchanges, firms and clients to review the Form 102 and Form 40 and recommend adding and deleting fields. The FIA industry solution recommends that the National Futures Association ID be added to Form 40.
2. The CFTC should begin collecting data according to thresholds. In order to give firms time to prepare the data, reporting requirements should not be "big bang." Many firms will need to create a new database to capture the required data feeds in a standard FIXML format. Name and address fields, for example, are not stored in back office systems in a standardized format and do not require validation. Back office processing systems offer five to six fields for entering name and address information for the client. In one record the name of the customer may be in the first field; in the next record the name of the customer may be in the last field. If the ultimate threshold for OCR reporting is 250 contracts per week, OCR reporting could begin with customers that trade 500 contracts

per week. Six months later, the threshold could be lowered to 400 contracts per week and so on.

At the same time we are submitting our response to your questions, we are circulating this document to a wider group of member firms for additional input. We would like to continue to refine the industry solution as we receive input from a broader audience.

**Amended Exhibit B Proposed OCR File
(Revised March 22, 2011)**

Below is a summary of the fields in the proposed OCR File that would be sent weekly from the clearing FCM to the Commission and exchanges.

Field Name	Exists in Firm B.O. Systems	Description and Comments	Values	Format	Size
Trading Account Number	X	Account for which trade was executed	Alphanumeric ID that identifies the customer(s) on the associated trade record	AN	20
Special Account/Reportable Account	X	Large Trader reportable position account, if assigned.	Alphanumeric ID used to aggregate trading accounts for large trader position reporting.	AN	12
Short Code Short codes must be accompanied by a trading account number but may not have a special account number.	X	Account identifier used upon execution that is translated into a trading account number by the back office systems.	Alphanumeric ID that identifies the customer(s) on the associated trade record	AN	20
Owner Last Name (Person)	X	Last name of account owner, if the owner is a natural person.	Smith	AN	30

Field Name	Exists in Firm B.O. Systems	Description and Comments	Values	Format	Size
Owner First Name (Person)	X	First name of the account owner, if the owner is a natural person.	James	AN	30
Owner Name (Organization)	X	Name of the business or organization that owns the account, if the owner is not a natural person.	Proprietary Trading Firm Inc.	AN	60
Owner Address 1	X	Primary address of the account owner	123 Main St.	AN	40
Owner City	X	City of the owner's primary address	Chicago	AN	25
Owner State/Province	X	State or province abbreviation for the owner's primary address.	IL	AN	5
Owner Zip/Postal Code	X	Zip code or postal code for the owner's primary address.	60601-9999	AN	10

Field Name	Exists in Firm B.O. Systems	Description and Comments	Values	Format	Size
Owner Country	X	Country code for the owner's primary address	US	AN	2
CFTC Firm ID	X	CFTC provided firm identifier assigned to the firm.		AN	3
Omnibus Account Flag	X	Yes or No indicator to denote the type of account	Y – Omnibus N – Not Omnibus	AN	1
Trading Account Effective Date* ¹	X	The day account was established in the firm's back office system.	YYYYMMDD – Date on which the trading account is effective	N	8

¹ This would require a procedural change for firms. Current practice is to track the day the account is opened. In some instances, an existing account number could be assigned to a different controller within the same organization. The system would not track the date an existing account number was assigned to a different controller.

The logo for FIA (Financial Industry Association) is displayed in a large, bold, white sans-serif font. The background of the slide features a stylized world map with glowing blue and yellow lines representing data flows or connections between various regions. The map is overlaid on a dark blue background with a subtle grid pattern.

FIA

OCR Clearing/Account Number Flows

Expectations

- Forms 102/40 will be enhanced to collect some of the new required data
- Data collection and storage of Forms 102/40 data should be automated as part of the OCR effort.
- Firms will need to acquire Form 102 data for a new universe of controllers/owners--accounts exceeding a volume threshold of 250 contracts per week
- Firms will build and submit the OCR File via FIXML weekly
 - Initially all OCR records for a firm will be submitted in mass
 - On a weekly basis following the mass upload, changes and new records will be submitted
- A process will be built by the CFTC that will link
 - Trade Register File
 - Large Trader File
 - OCR File

Current Proposed CFTC OCR Rule requires the following data points:	Is this information supported by back office systems?	IS this information required on CFTC Form 102?	IS this information required on CFTC Form 40?	Enhancement	Notes
(1) The trading account number;	yes	yes	No	No	
(2) The trading account's ultimate beneficial owner(s), including:	Yes (name not necessarily classified as "ultimate beneficial owner")	yes	No	No	May require changes to firm processes and back office systems to fully support.
2(i) For each ultimate beneficial owner who is a natural person—					
2(A) Their first, middle, and last name,	Yes but middle initial is requested	Yes but middle initial is requested	No	102	
2(B) Their date of birth, and	No	No	No	102	FCM's generally do not require this data. Would be a huge endeavor to obtain and report this information. Maybe in violation of privacy laws in some locations.

Current Proposed CFTC OCR Rule requires the following data points:	Is this information supported by back office systems?	IS this information required on CFTC Form 102?	IS this information required on CFTC Form 40?	Enhancement	Notes
2(C) The address of their primary residence,	Yes	Yes	Yes	No	Address of record may not be primary residence
2(D) Their National Futures Association (“NFA”) identification number, if any;	No	No	No	102/40/NFA	FCM's generally do not require this data. Would be a huge endeavor to obtain and report this information. Not necessarily required by the NFA.
2(ii) For each ultimate beneficial owner that is not a natural person—					
2(A) Their name and primary business address, and	Yes	Yes	Yes	No	
2(B) Their NFA identification number, if any;	No	No	No	102/40/NFA	FCM's generally do not require this data. Would be a huge endeavor to obtain and report this information. Not necessarily required by the NFA.
(3) For trading account controller(s) (who must be natural persons):					

Current Proposed CFTC OCR Rule requires the following data points:	Is this information supported by back office systems?	IS this information required on CFTC Form 102?	IS this information required on CFTC Form 40?	Enhancement	Notes
3(i) The first, middle, and last name of each controller,	No	Yes but middle name may not be populated	Yes	102/40 (middle name)	Would need to be added to back office systems. Control should be defined as situations where a formal power of attorney is in place, or there are independent account controllers under a proprietary entity that are not aggregated for position limit purposes.
3(ii) The date of birth of each controller, and	No	No	No	102/40	FCM's generally do not require this data. Would be a huge endeavor to obtain and report this information. Maybe in violation of privacy laws in some locations.
3(iii) The name and primary business address of the entity that employs each controller with respect to the reported account, if any, and	No	Yes	Yes	No	
3(iv) The NFA identification number of each controller, if any;	No	No	No	102/40	FCM's generally do not require this data. Would be a huge endeavor to obtain and report this information. Not necessarily required by the NFA.

Current Proposed CFTC OCR Rule requires the following data points:	Is this information supported by back office systems?	IS this information required on CFTC Form 102?	IS this information required on CFTC Form 40?	Enhancement	Notes
(4) The date on which the trading account was assigned to its current controller(s);	Yes	No	No	No	The account is opened within the FCM's back office system when generally assigned to the controller.
(5) A designation of the trading account as one whose orders are generated exclusively by a natural trading system, or generated sometimes by a natural person and sometimes by an automated trading system;	No	No	No	No	Understandable that CFTC wants this information, but this information is not logically tied to an account number. Would be better tied to operator/Tag 50.
(6) The special account number associated with the trading account, if one has been assigned;	Yes	Yes	No	No	
(7) An indication of whether the trading account is part of a reportable account under the Commission's large trader reporting system,	Yes	Yes	No	No	Available in Related Account File

Current Proposed CFTC OCR Rule requires the following data points:	Is this information supported by back office systems?	IS this information required on CFTC Form 102?	IS this information required on CFTC Form 40?	Enhancement	Notes
7(i) In addition, for a trading account that becomes part of reportable account under the Commission's large trader reporting system after December 31st, 2011, the date on which the trading account first becomes part of a reportable account;	No	No	No	Exchange/ CFTC	This date would be in possession of the CFTC when it receives the initial large trader report; firms should not have to record this in their account data.
7(ii) [Reserved]					
(8) An indication of whether the trading account is a firm omnibus account, and if so, the name of the firm.	Yes	Yes	No	No	
8(i) In addition, for a trading account that becomes part of firm omnibus account after December 31st, 2011, the date on which the trading account is first included in the firm's omnibus account;	No	No	No	Exchange/ CFTC	This information is not disclosed to or in the possession of the FCM

Current Proposed CFTC OCR Rule requires the following data points:	Is this information supported by back office systems?	Is this information required on CFTC Form 102?	Is this information required on CFTC Form 40?	Enhancement	Notes
8(ii) [Reserved]					
(9) The name of the executing firm for the trading account, and its unique identifier reported in the reporting entity's trade register;	No	No	No	Exchange	An entity may use a variety of executing firms and consequently the carrying firm would not record this information at the account level. All OCR reporting should be at the carrying broker level.
(10) The name of the clearing firm for the trading account, and its unique identifier reported in the reporting entity's trade register;	Yes	Yes	No	Exchange	
(11) The name of each root data source providing the reporting entity with information with respect to the trading account;	Yes	No	No	No	Reporting firm is the root data source
(12) The name of the reporting entity submitting the OCR to the Commission; and	Yes	Yes	No	No	If OCR/102 data were reported systematically, this data would no longer be relevant
(13) The OCR transmission date.	Yes	Yes	Yes	No	



Trade Register Data – abbreviated data sample

Trade Date	Account Identifier	Order Number	Buy/Sell	Quantity	Trade Description	Strike Price	Put/Call	Price	Give Up Info
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- Trade Date – The date of the trade defaults to the date on the register itself, unless specifically noted on the record. Only prior activity is specifically identified
- Account Identifier will contain the actual client account registered with the Clearing Broker, or short code
- Order Number is specific to the executing broker's process.
- Buy/Sell indicates the direction of the trade
- Quantity – is the amount executed/cleared for the specific order transaction
- Trade Description – identifies the contract or product, contract month/year.
- Strike Price – if an option the exercise price
- Put/Call – if an option
- Price – executed price
- Give Up Info – there are several field associated with Give Ups and Average price trades, i.e. Give up To/From, APS To/From, Give To/From Firm, APS To/From Firm.

Trade Register Data

Trade Date	Account Identifier	Order Number	Buy/Sell	Quantity	Trade Description	Strike Price	Put/Call	Price	Give Up Info
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OCR Data

Account Identifier	Acct Name & Address	Date Account Opened with Controller	Reportable Acct ID	Short Code	Omni Account Y/N	Clearing Firm ID	Transmission Date
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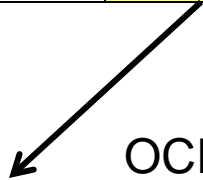
– Direct link between the Trade Register and OCR File



– Trade Register is specific to the submitting OCR Submitting firm

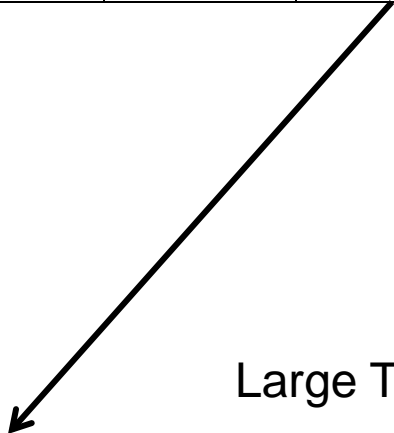
Trade Register Data

Trade Date	Account Identifier	Order Number	Buy/Sell	Quantity	Trade Description	Strike Price	Put/Call	Price	Give Up Info
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OCR Data

Account Identifier	Acct Name & Address	Date Account Opened with Controller	Reportable Acct Id	Short Code	Omni Account Y/N	Clearing Firm ID	Transmission Date
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- Direct link between the Trade Register and OCR File
- Trade Register is specific to the submitting OCR Submitting firm

Large Trade Reporting

Account Identifier	Buy/Sell	Quantity	Trade Description	Strike Price	Put/Call
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Matching Trade Register Owners/Controllers

Trade Register Data (Firm 03 123)

Trade Date	Account Identifier
03/10/2011	12345
03/10/2011	222333
03/10/2011	TR111

OCR Data

Account Identifier	Reportable Acct Id	Beneficial Owner/ Name & Address	Clearing Firm ID
12345	RA101	J. Smith, 123 Main St	*03 123
222333	RA102	B. Wilson, 235 South Ave	03 123
TR111	RA110	Jones, S. 939 1 st Ave	03 123

Trade Register Data (Firm 07 123)

03/10/2011	12345
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12345	RA450	J. Smith, 123 Main St	*07 123
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Trade Register Data (Firm 07 999)

03/10/2011	11245
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11245	RA313	J. Smith, 123 Main St	07 999
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*Relationship between same owners/controllers across exchange needs to be mapped by CFTC

**OCR contains reportable acct identifier which CFTC will use to match against F102 information to identify Acct Controllers



Matching Trade Register Owners/Controllers

(Where Short Codes Are Used)

Trade Register Data (Firm 03 123)

Trade Date	Account Identifier
03/10/2011	AAA11

Short Code
Used for Acct id

OCR Data

Account Identifier	Reportable Acct Id	Short Code	Beneficial Owner	Name & Address	Clearing Firm ID
12345	RA101		J. Smith	123 Main St	*03 123
TR111	RA110		S. Jones	939 1 st Ave	03 123
12345	RA101	AAA111			*03 123

To determine beneficial owners in cases where short codes are used, the CFTC will need to:

- Locate the OCR Record with the short code that matches the Trade Register Short code
- Acquire it's matching Account Identifier
- Locate the OCR record using the resulting Acct Identifier.

Matching Trade Register To Large Trader/F102

Trade Register Data (Firm 03 123)

Trade Date	Account Identifier
03/10/2011	BE111

OCR Data

Account Identifier	Reportable Acct Id	Short Code	Beneficial Owner	Name & Address	Clearing Firm ID
BE111	RA101	AAA111			*03 123

Form 102 Data

Reportable Acct Id	Account Controller	Name & Address
RA101	Jim Ash	111 Oak Dr.

Large Trader

Reportable Acct Id	Buy/Sell	Quantity	Trade Description	Strike Price	Put/Call
RA101					

The CFTC can use the OCR to acquire a firms Reportable Acct Id, which will allow it to locate corresponding information in:

- Form 102 data
- Large Trader file