

**NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE**

FILED
JUN 29 2021
NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)
)
THE NORTHERN TRUST COMPANY) NFA Case No. 21-BCC-009
(NFA ID #197429),)
)
Respondent.)

DECISION

Having reviewed all matters relevant to the Complaint issued by the Business Conduct Committee (Committee) of National Futures Association (NFA) against The Northern Trust Company (Northern Trust), and having considered the Offer of Settlement (Offer) submitted by Northern Trust, and having accepted its Offer, this Committee hereby issues this Decision as to Northern Trust.

I

ALLEGED VIOLATION OF NFA REQUIREMENTS

On June 29, 2020, this Committee issued a Complaint against Northern Trust, a provisionally registered Swap Dealer (SD) and NFA Member located in Chicago, Illinois. Count I of the Complaint alleged that Northern Trust violated NFA Compliance Rule 2-49(a) by failing to establish adequate written procedures reasonably designed to ensure the firm executed written swap trading relationship documentation with counterparties prior to or contemporaneously with entering into a swap transaction, as required under CFTC Regulation 23.504; failing to provide (or produce evidence that it had provided) swap counterparties with certain material disclosures prior to entering into a swap transaction and failed to provide required pre-trade mid-market marks and

daily marks to some counterparties, as required under CFTC Regulation 23.431; failing to sufficiently implement procedures required under CFTC Regulation 23.402 to ensure compliance with the political contribution provisions under CFTC Regulation 23.451; and failing to establish and implement procedures reasonably designed for the handling, management response, remediation, retesting and resolution of non-compliance issues, as required under CFTC Regulation 3.3. Count II of the Complaint alleged that Northern Trust violated NFA Compliance Rule 2-49(a) by failing to establish and implement an adequate system to diligently supervise its swap dealer activities, as required under CFTC Regulation 23.602.

II

OFFER OF SETTLEMENT

Northern Trust submitted an Offer in which it neither admitted nor denied the allegations of the Complaint and proposed to settle the charges against it by paying a fine of \$999,000 to NFA, within 30 days after the effective date of this Decision. In its Offer, Northern Trust acknowledged that any Decision accepting its Offer would include a finding that it committed the violations alleged in the Complaint.

III

FINDING

Pursuant to the Offer, the Committee finds that Northern Trust violated NFA Compliance Rule 2-49(a).

IV

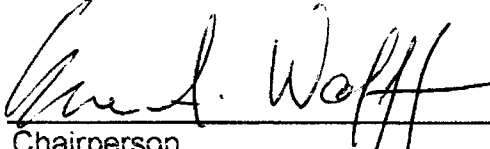
ORDER

Having considered this matter and Northern Trust's recent remediation efforts with respect to the finding herein, and having accepted the Offer submitted by Northern Trust, the Committee hereby orders Northern Trust to pay a fine of \$999,000 to NFA, payable within 30 days after the effective date of this Decision.

This Decision and the Offer shall not be used as a sole basis for any other action or proceeding by NFA against Northern Trust, except this Decision and the Offer may be used in an action to enforce the terms thereof or in any subsequent disciplinary or regulatory action, where they may be considered as part of Northern Trust's disciplinary history and as evidence in aggravation on the issue of sanctions.

**NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE**

Date: 6/29/2021

By: 
Chairperson