

SANTANDER INVESTMENT SECURITIES INC.

DISCLOSURE DOCUMENTS REQUIRED UNDER COMMODITY EXCHANGE ACT REGULATION §1.55(k)

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MAY 2020

INTRODUCTION

Regulation §1.55(k) of the Commodity Exchange Act (“CEA”) requires each futures commission merchant (“FCM”), including Santander Investment Securities Inc. (“SIS”; the “Firm”), to provide the information contained in this document to a customer prior to the time the customer enters into an account agreement or deposits money or securities (“funds”) with the FCM.

SIS is a wholly-owned subsidiary of Santander Holdings USA, Inc.

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The information provided in this document will be updated annually or earlier in the event of material changes to SIS’s business operations, financial condition or other factors that SIS believes may be material to a customer’s decision to conduct business with SIS.

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FIRM GENERAL INFORMATION

Firm's name, principal place of business, phone number, fax number, and email address:

Santander Investment Securities Inc.
45 East 53rd Street
New York, NY 10022
phone number: 212-350-3500
fax number: 212-350-3449
(see Contacts, below, for email addresses)

Contacts:

- Marco Antonio Achón, President and Chief Executive Officer (marco.achon@santander.us) (212-692-2511)
- Isaac Prada, North America Head of Exchange Traded Derivatives (iprada@santander.us) (212-583-4605)
- Yuan-Pei ("Pei-Pei") Mao, Chief Compliance Officer (peipei.mao@santander.us) (212-407-7812)
- Felix Muñoz Elorza, Chief Financial Officer (felix.munoz@santander.us) (212-407-4594)
- Alessio Blangiardo, Financial and Operations Principal (alessio.blangiardo@santander.us) (212-973-7637)
- Donna Sheehan, Business Development (dsheehan@santander.us) (212-583-4635)

FIRM PRINCIPALS

Firm's FCM Principals as defined in CEA Regulation 3.1(a), business address, business background, areas of responsibility and nature of their duties:

Marco Antonio Achón

Marco Antonio Achón is SIS's President and Chief Executive Officer. Mr. Achón holds ultimate managerial responsibility for SIS's futures activities. Mr. Achón has been with Santander Group since 2005. From 2005 to 2007, Mr. Achón was Head of European Capital Markets; from 2007 to 2008, Global Head of Loan Markets; from 2008 to 2010, European Head of Credit Markets; from 2011 to 2014, European Head of Corporate and Investment Banking; and, from 2014 to 2017, Global Head of Financial Solutions & Advisory. Prior to Santander, Mr. Achón was Head of Debt Capital Markets and Loan Syndications for the Americas at BBVA Securities Inc.

Isaac Prada

Isaac Prada is Head of SIS's Exchange Traded Derivatives Division. Mr. Prada is responsible for monitoring SIS's futures activities and ensuring that the activities comply with U.S. laws and regulations. Mr. Prada has been with SIS since 2010. Prior to SIS, Mr. Prada was employed by Santander in Madrid where he served in various roles, including Global Head of Exchange Traded Derivatives Sales.

Yuan-Pei Mao

Yuan-Pei (“Pei-Pei”) Mao is SIS’s Chief Compliance Officer. Ms. Mao is responsible for SIS’s Compliance Program and is responsible, along with Mr. Prada, for monitoring the futures activities of SIS and ensuring that its activities comply with U.S. laws and regulations. Ms. Mao joined the Firm in 2019 and has over twenty five years of regulatory and compliance experience. Prior to SIS, Ms. Mao served as Compliance Managing Director at JPMorgan Chase Bank, N.A. and earlier was employed by NASD (now FINRA) in that organization’s Market Surveillance group.

Felix Muñoz Elorza

Felix Muñoz Elorza is SIS’s Chief Financial Officer. In that role, Mr. Muñoz Elorza holds overall management responsibilities for SIS’s accounting, regulatory reporting, and financial planning and analysis functions. Mr. Muñoz Elorza joined SIS in 2019 after ten years employment with Santander Bank, N.A., most recently serving as US Management Reporting Director. Prior to Santander Bank, Mr. Muñoz Elorza was employed from 2001 to 2009 by Banco Santander, S.A. in various finance-related roles.

Alessio Blangiardo

Alessio Blangiardo is SIS’s Financial and Operations Principal. Mr. Blangiardo is responsible for all futures activities accounting tasks, including books of original entry (i.e., general ledger), regulatory reporting and FOCUS report filing. Mr. Blangiardo joined SIS in 2019 after serving as Chief Financial Officer and Financial and Operations Principal at Folio Investments. He has approximately twenty five years of industry experience, including serving as Director of Global Markets Financing and Futures at Bank of America, and as Vice President of Finance and Regulatory Reporting for both BNP Securities Corporation and BNP Prime Brokerage Inc. Mr. Blangiardo also was employed by FINRA as Senior FINOP Examiner.

Donna Sheehan

Donna Sheehan is Head Business Development for SIS’s Exchange Traded Derivatives (ETD) group. Mrs. Sheehan is responsible for business development of the ETD product. She joined SIS in 2010 and has over twenty five years of experience in the futures industry, including previous tenures in the FCM divisions of Goldman Sachs, UBS and Barclays Capital. Mrs. Sheehan is Series 3 and 30 registered with the National Futures Association and holds a MBA degree from Pace University.

(entity) Santander Holdings USA, Inc.

Santander Holdings USA, Inc. is a holding company that directly owns 100% of SIS.

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All listed Contacts and individual Principals are located at 45 East 53rd Street, New York, NY 10022.

Santander Holdings USA, Inc. is headquartered at 75 State Street, Boston, MA 02109.

BUSINESS ACTIVITIES

Significant types of business activities/product lines engaged in/approximate percentage of Firm's assets and capital used in each type of activity:

SIS provides execution and clearing services to its ultimate parent and sole client, Banco Santander, S.A. The client business of Banco Santander, S.A. is cleared by SIS on an undisclosed basis. The house business is cleared in a separate account and is comprised of affiliates of the parent company. The Firm also clears OTC interest rate swaps for the house business.

The chart below summarizes the significant types of business activities/product lines in which SIS's Futures Commission Merchant business is engaged, and the approximate percentage of the Firm's assets and capital used in each type of activity (all values are as of December 31, 2019).

	ETD	OTC	TOTAL	Percent
cash	52,299,790	34,512,610	86,812,400	4.39%
cash, segregated	222,251,007		222,251,007	11.23%
deposits with clearing organizations	1,240,111,360	429,885,584	1,669,996,944	84.37%
other assets	389,886		389,886	0.02%
FCM customer business - total assets	1,515,052,043	464,398,194	1,979,450,237	

CLIENT ACTIVITY TYPE; POLICIES FOR DEPOSITORIES/CUSTODIANS

Firm's business on behalf of its customers, including types of customers, markets traded, international businesses, and clearinghouses and carrying brokers used/Firm's policies and procedures concerning the choice of bank depositories, custodians, and counterparties to permitted transactions under CEA Regulation §1.25:

SIS performs clearing services on an undisclosed omnibus basis solely for its ultimate parent/sole customer, Banco Santander S.A. Banco Santander primarily provides clearing services to a broad range of financial institutions, asset managers, asset servicing firms, corporations and banks.

SIS's Credit Risk Department reviews all depositories and custodians according to the Santander Group policy for reviewing and approving custodians (any margin collected by SIS related to its FCM and OTC business is deposited at a custodial bank). Consistent with Santander Group policy, the review includes a credit review of the proposed custodian following the Santander Group rating guidelines for financial institutions, approval of the potential exposure by SIS's Executive Risk Committee ("ERC") for the exposure generated by the custodial activity of the counterparty, and approval by the Global Network Management Department ("GNM") of Banco Santander, S.A.'s Head Office. The only custodian currently approved for the futures and options clearing activity of the FCM is JPMorgan Chase Bank, N.A (in compliance with CEA Regulation §1.20(d), the

appropriate letter is on file). BMO Harris Bank N.A. is the approved custodian for the OTC interest rate swaps house business.

Additional custodians could be requested in order to diversify custodial risk, reduce costs, or to replace a custodian no longer deemed creditworthy. In such an instance, Credit Risk would review the rating of the proposed custodian and approve the potential risk via the ERC, GNM and the Credit Risk Committee(s) of Head Office.

SIS does not engage in foreign futures or foreign options activity, activity that would require a separate account or accounts to be established under CEA Regulation §30.7 to cover or satisfy its obligations to customers engaging in such activities.

GNM oversees the global exposure to custodians. Procedures established by GNM require it, in addition to the rating review and Credit Risk approvals, to coordinate all custodial approvals to ensure that custodians selected have the technical expertise to meet the needs of the unit, that they segregate assets appropriately, that legal agreements are consistent, and that they avoid undue concentrations of exposure (which could occur if Santander units were to select custodians independently).

MATERIAL RISKS

Material risks, accompanied by an explanation of how such risks may be material to its customers, of entrusting funds to the Firm including, without limitation, the nature of investments made by the Firm (including credit quality, weighted average maturity, and weighted average coupon); the Firm's creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet leverage and other lines of business; risks to the Firm created by its affiliates and their activities, including investment of customer funds in an affiliated entity; and, any significant liabilities, contingent or otherwise, and material commitments:

The Material Risk Program ("MRP") establishes a comprehensive view of material risks for SIS. It incorporates an annual bottom-up exercise supplemented by a top-down (executive) view to create a material risk inventory. MRP provides timely, clear, and comprehensive reporting of material risks (including risks that may emerge under stressful conditions) to executive management and the Firm's Board of Directors. Further, MRP's output has various applications, including risk appetite setting, strategic planning, and risk ownership and monitoring. Material risk inventory included herein are results of the MRP.

Risk Level 1	Risk Level 2	Risk Name	Risk Event Description
Broker Dealer Compliance	N/A	Non-Compliance with Broker Dealer and Futures Commission Merchant Regulations	Risk of regulatory fines as the result of having little to no compliance platform in place with respect to broker dealer and futures commission merchant regulations. Additionally, non-compliance can result in individuals (not SIS) being fined and/or sanctioned, if the Firm can substantiate that an appropriate governing policy/procedure was in place.
BSA/AML/OFAC	N/A	Non-Compliance with BSA/AML/OFAC Program Requirements	The failure to have an adequate control environment in place to comply with BSA/AML/OFAC program requirements with regard to customer identification, due diligence, enhanced due diligence, beneficial ownership, suspicious activity monitoring, and employee training presents a material risk that could result in a negative financial impact due to regulatory fines or reduced client business opportunities and associated revenues.
Execution, Delivery and Process Management	Monitoring and Reporting	Manual Processing Risk	SIS is exposed to the potential of incurring a material loss due to control breakdowns of manual processes, which in turn could lead to losses exceeding \$1MM.
	Vendors and Suppliers	Inadequate Third Party Service Provider Oversight	Risk of potential service disruptions, legal liability, negative impacts to business performance, financial and reputational risk, and potential regulatory enforcement as a result of the Third Party's actions.
Business Disruption and System Failures	Technology and Infrastructure Failure	Technology Failure and Business Disruption	Risk of potential losses due to system failures and business disruptions, such as those involving the: (i) inability to execute transactions; (ii) settlement of contracts; and/or (iii) execution of payments.
		Inadequate Information Security Risk/Cyber	Risk of potential losses, due to a cyber-attack, driven by an ensuing shutdown of systems and/or application/network access.
		Inadequate Access Management Controls	Weaknesses in access management controls increase the risk of damage or loss of information or systems. Lack of a robust access management program and attendant control may lead to operational risk losses through internal/external fraud, regulatory impact and/or negative customer experience.
		Pandemic	Absenteeism stemming from a pandemic could materially impact the Firm's operations, which in turn could cause financial losses due to significant business disruptions.
Competition and Industry Dynamics	N/A	Staffing Competency and Talent Gaps	The failure to maintain appropriate staffing levels and/or personnel not possessing appropriate skills and/or abilities commensurate with their roles and responsibilities could lead to a reduction in budget achievement and have a potential material financial impact.
		Political and Economic Instability	Risk of financial losses due the negative effects of political and economic instability across the globe. Such risk has potential impact to SIS's businesses, such as: (i) causing a significant drop in issuances volume (which would impact capital markets activities); or (ii) government interventions (with subsequent negative impacts on markets).
Customer Perception	N/A	Non-Compliance with Broker Dealer and Futures Commission Merchant Regulations	Risk of regulatory fines as the result of having little to no compliance platform in place with respect to broker dealer and futures commission merchant regulations. Additionally, non-compliance can result in individuals (not SIS) being fined and/or sanctioned, if the Firm can substantiate that an appropriate governing policy/procedure was in place.

(i) The nature of investments made by the FCM (including credit quality, weighted average maturity and weighted average coupon):

Firm customer funds are invested in accordance with CEA §1.25(a) and §1.25(b) which require that funds be invested in high quality and liquid securities with a short-term duration. The Firm's policy to ensure regulatory compliance when investing customer funds is to invest the funds in United States Treasury bills with a maturity date of no greater than one year. Considering the risk-adverse nature of the business, the Firm has made the decision to only use such an instrument for investing customer funds. Treasury bills are properly segregated and deposited at the Chicago Mercantile Exchange ("CME"). Upon maturity, any cash in excess of the minimum margin requirement is automatically transferred by CME to the appropriate Firm customer-segregated account at J.P. Morgan Bank.

(ii) The FCM's creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet leverage and other lines of business:

Applying the standard bank/broker rating model to SIS, its rating is evaluated as 6.6, which is equivalent to an S&P rating of BBB+. At year-end 2019, leverage was low, as demonstrated by SIS's 20% equity/assets ratio. Net capital at year-end was 435% of the amount of net capital required. Liquidity was strong, with cash as 18% of assets and access to a subordinated loan facility. The Firm had no level 3 assets (level 3 assets are financial assets and liabilities that are considered to be the most illiquid and hardest to value).

Capital risk is the risk of holding insufficient capital resources in order to meet minimum regulatory requirements set forth in CFTC Regulation 1.17. SIS's Accounting Department performs daily calculations of moment-to-moment net capital, including computation of the regulatory minimum net capital requirement, to ensure the Firm maintains adequate capital levels at all times.

SIS's FCM only clears transactions for Banco Santander, S.A. The customer business of Banco Santander, S.A. clears with SIS on an undisclosed omnibus basis. Therefore, 100% of the total funds held for futures customers are attributed to this sole customer. With respect to CEA Regulation §30.7, SIS does not accept funds ("30.7 customer funds") from foreign futures and foreign options customers ("30.7 customers"); further, SIS does not engage in cleared swaps customer activity.

(iii) risks to the FCM created by its affiliates and their activities, including investment of customer funds in an affiliated entity:

The Firm's ultimate parent, Banco Santander S.A., is its sole futures client. SIS requires Banco Santander S.A. to maintain balances in excess of the required amount (20% over the exchange required margin for OTC clearing), which effectively collateralizes its exposure to the Santander Group affiliate.

The Firm does not have any near-term plans to add any affiliated or third party clients. SIS's CME clearing membership includes OTC interest rate swaps ("IRS"). OTC IRS clearing services are limited to affiliate business; SIS does not intend to provide OTC IRS clearing services to customers.

(iv) Any significant liabilities, contingent or otherwise, and material commitments:

SIS's annual audited financial statements are available at the following link:

<https://www.futuros.gruposantander.com/clients/publicmarketinformation.do> (click on "Santander Investment Securities Inc. ("SIS") CFTC Disclosures"; click on "Documents" tab; open "CFTC - Audited Financial" tab).

FIRM'S DESIGNATED SELF-REGULATORY ORGANIZATION/WEBSITE

SIS's designated self-regulatory organization is the Chicago Mercantile Exchange. Please see CME's website at the following link:

<http://www.cmegroup.com>

SIS is a direct member of the CME Group and the ICE Futures U.S. Exchange.

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Below is a table showing Banco Santander, S.A. global futures exchange memberships:

BANCO SANTANDER, S.A. EXCHANGE ACCESS		
Europe	Americas	Asia-Pacific*
ICE Futures Europe(formerly LIFFE and Euronext)	CME Group (CME, CBOT, NYMEX and COMEX)	SFE (Australia)
EUREX (Germany)	ICE U.S.	HKFE (Hong Kong)
EURONEXT (Paris, Amsterdam, Brussels and Lisbon)	CBOE/OCC (indices and stocks)*	OSE (Japan Index)
Nasdaq Exchanges Nordic Markets	B3 (Brazil)	TSE (Japan FI)
MEFF (Spain)	MexDer (Mexico)	SGX (Singapore)
London Stock Exchange (IDEM)		
WSE (Warsaw)		
	* through UBS	

LOCATION WHERE ANNUAL AUDITED FINANCIAL STATEMENTS OF THE FIRM ARE MADE AVAILABLE

SIS's annual audited financial statements are available at the following link:

<https://www.futuros.gruposantander.com/clients/publicmarketinformation.do> (click on "Santander Investment Securities Inc. ("SIS") CFTC Disclosures"; click on "Documents" tab; open "CFTC - Audited Financial" tab)

WHERE TO FIND INFORMATION ON ADMINISTRATIVE, CIVIL, ENFORCEMENT AND/OR CRIMINAL ACTIONS AGAINST FIRM

Any material administrative, civil, enforcement, or criminal complaints or actions filed against the Firm where such complaints or actions have not concluded, and any enforcement complaints or actions filed against the Firm during the last three years:

National Futures Association/FCM related complaints for SIS can be found at the following website:

<http://www.nfa.futures.org/basicnet/>

FINRA related complaints for SIS can be found at the following website:

<http://brokercheck.finra.org>

There have not been any material administrative, civil, enforcement, or criminal complaints or actions filed against the FCM in the past three years.

OVERVIEW OF FUND SEGREGATION, COLLATERAL MANAGEMENT

A basic overview of customer fund segregation, FCM collateral management and investments, FCMs, and joint FCM/broker dealers.

SIS maintains several customer segregated funds accounts, by specific currency, at JPMorgan Chase Bank, N.A. The accounts are separate from SIS's general operating account and solely hold customer funds. SIS funds are not deposited into the accounts unless funds are required to increase the residual interest amount. Such deposits must be approved by the Chief Financial Officer and/or the Financial and Operations Principal. Further, no fund transfers may be affected from the accounts to other SIS accounts unless funds are required to decrease the residual interest amount. Such transfers must be approved by the Chief Financial Officer and/or the Financial and Operations Principal.

The customer segregated funds accounts are managed by the Operations Department. The Accounting Department calculates the customer segregated funds requirement on a daily basis and ensures the segregated funds are in excess of the residual interest target amount. Accounting obtains and retains in its files for the period provided in CEA Regulation §1.31 (books and records regulations) a written acknowledgment from any depository holding customer funds that the depository has been informed that the funds belong to customers and are being held in accordance with regulatory requirements.

The physical movement (wiring) of funds is restricted to authorized personnel, with a "two-touch, create and approve" process that requires an inputter and a reviewer/approver to release any payment.

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Customer funds are permitted to be invested. However, CEA Regulations §1.25(a) and §1.25(b) require that customer funds be invested in high quality and liquid securities with a short term duration. Accordingly, SIS's policy to ensure regulatory compliance when investing customer funds is to invest such funds in United States Treasury bills with a maturity period of no greater than one year or have them remain in cash.

Treasury bills are marked to market. Market values are used in the calculation of the daily customer segregation report that is filed by the Accounting Department.

Treasury bills are properly segregated and deposited at CME and held until maturity. Once matured, any cash in excess of the minimum margin requirement is automatically transferred by CME to the appropriate customer segregated funds account at JPMorgan Chase Bank, N.A

HOW TO FILE A COMPLAINT

How to File a Complaint Against the FCM—Information on how a customer may obtain information regarding filing a complaint about the Firm with the Commodity Futures Trading Commission (“CFTC”) or with the Firm’s designated self-regulatory organization:

The procedure for a customer to file a complaint about SIS with the CFTC is found at the website:

<http://www.cftc.gov/ConsumerProtection/FileaTiporComplaint/index.htm>

The procedure for a customer to file a complaint about SIS with the CME, the Firm’s designated self-regulatory organization, is found at the website or by calling the CME at 312.341.7970:

<http://www.cmegroup.com/market-regulation/file-complaint.html>

It is important to note that the Securities Investor Protection Corporation (SIPC) does not cover funds that are deposited for trading futures and options on futures contracts for U.S. and foreign markets.

RELEVANT FINANCIAL DATA

(i) The FCM’s total equity, regulatory capital, and net worth, all computed in accordance with U.S. Generally Accepted Accounting Principles and Commodity Exchange Act §1.17, as applicable:

SIS’s annual audited financial statements are available at:

<https://www.futuros.gruposantander.com/clients/marketinformation.do> (click on “Santander Investment Securities Inc. (“SIS”) CFTC Disclosures”; click on “Documents” tab; open “CFTC - Audited Financial” tab).

SIS's total regulatory capital and net worth, computed in accordance with U.S. Generally Accepted Accounting Principles and CEA Regulation §1.17 is as follows: equity (net worth) and regulatory capital as of December 31, 2019 was \$505,230,155 and \$357,874,637, respectively.

(ii) The dollar value of the FCM's proprietary margin requirements as a percentage of the aggregate margin requirement for futures customers, Cleared Swaps Customers, and 30.7 customers:

SIS does not engage in proprietary trading, swap trading, or in transactions ("30.7 transactions") with foreign futures and foreign options customers ("30.7 customers"); therefore, there is no dollar value of proprietary margin requirements as a percentage of the aggregate margin requirement for futures customers, cleared swaps customers and 30.7 customers.

(iii) The smallest number of futures customers, Cleared Swaps Customers, and 30.7 customers that comprise 50 percent of the FCM's total funds held for futures customers, Cleared Swaps Customers, and 30.7 customers, respectively:

SIS does not engage in proprietary trading, swap trading, or in transactions ("30.7 transactions") with foreign futures and foreign options customers ("30.7 customers"); therefore, there is no dollar value of proprietary margin requirements as a percentage of the aggregate margin requirement for futures customers, cleared swaps customers and 30.7 customers.

(iv) The aggregate notional value, by asset class, of all non-hedged, principal over-the-counter transactions into which the FCM has entered:

SIS's FCM business does not enter into OTC transactions on a principal basis.

(v) The amount, generic source and purpose of any committed unsecured lines of credit (or similar short-term funding) the FCM has obtained but not yet drawn upon:

SIS does not have any unsecured bank lines of credit (or similar short-term funding). SIS maintains an committed subordinated revolving credit facility in the amount of \$895 million with its parent, Santander Holdings USA, Inc., and a temporary subordinated credit line with its ultimate parent, Banco Santander, S.A. Any amount advanced in accordance with this arrangement will be considered net capital on the date drawn down, subject to SIS's 70% debt/equity ratio restriction. Advances under SIS's temporary subordinated credit line with Banco Santander, S.A. are exempted from the debt/equity ratio restriction. The last drawdown from the SHUSA credit facility was effected in April 2020. No drawdowns have been effected in 2019 or 2020 on the temporary subordinated credit line with Banco Santander, S.A.

(vi) The aggregated amount of financing the FCM provides for customer transactions involving illiquid financial products for which it is difficult to obtain timely and accurate prices:

SIS does not provide financing for customers transactions involving illiquid products.

(vii) The percentage of futures customer, Cleared Swaps Customer, and 30.7 customer receivable balances that the FCM had to write-off as uncollectable during the past 12-month

period, as compared to the current balance of funds held for futures customers, Cleared Swaps Customers, and 30.7 customers:

SIS has not written off as uncollectable any customer receivable balances for any futures customer during the past twelve month period (May 2019 – April 2020).

Additional financial information on all FCMs is available on the CFTC's website at the following address:

<http://www.cftc.gov/MarketReports/FinancialDataforFCMs/index.htm>

The assets of the FCM are almost 100% related to futures and OTC IRS clearing activities. Give-up activity has no impact on customer balances or receivables.

SUMMARY OF THE FIRM'S CURRENT RISK PRACTICES, CONTROLS AND PROCEDURES WITH RESPECT TO ITS FUTURES BUSINESS

SIS is a registered Futures Commission Merchant with the Commodity Futures Trading Commission and is a member of the National Futures Association. The Firm currently offers limited execution and clearing services for futures and options on financial and commodity products.

The Firm maintains a Risk Management Program in accordance with CEA Regulation 1.11. The Risk Management Program is based upon successful implementation of forward-looking risk management to strengthen the Firm's resilience to shocks (whether originating internally or externally), thereby promoting a stable environment for business activities. The Risk Management Program successfully manages risks in that it establishes and maintains an organizational culture that embraces, by its actions, prudent risk-taking and integrates risk management processes within its day-to-day operations. The identification, assessment, control, monitoring, testing and reporting of risks across all risk types, together with the clear articulation and communication of risk appetite and limits, provide the foundation for the Risk Management Program.

The Risk Management Program covers Credit Risk (including Counterparty Credit Risk), Market Risk (including Currency Risk), Liquidity/Solvency Risk, Segregation Risk, Operational Risk (including Technology Risk), Model Risk, Reputational Risk, Strategic Risk, Compliance Risk and Legal Risk. The Risk Management Program contains policies to address each risk category.

Following is an overview of the policies that are included in the Risk Management Program.

CREDIT RISK

The Firm maintains policies and procedures covering intraday margin, credit limits and counterparty credit monitoring/reviews.

MARKET RISK

The Firm maintains policies and procedures for managing market risk through risk measures including Value At Risk, economic position and equity equivalent volume and defining operating limits.

LIQUIDITY RISK

The Firm maintains policies and procedures regarding liquidity/solvency risk, including limits, liquidity stress testing, liquidity buffer, liquidity horizon, stressed survival horizon (worst-case scenario), contingency funding, intraday liquidity risk/collateral management, operating limits, metrics and guidelines; all of the foregoing are utilized by the Firm to analyze, quantify and mitigate potential risks.

CAPITAL RISK

The Firm maintains policies and procedures to ensure accurate calculation of moment-to-moment net capital, including the computation of the regulatory minimum net capital requirement to ensure the Firm maintains at all times adequate capital levels.

SEGREGATION RISK

The Firm maintains policies and procedures to ensure customer funds are treated in accordance with maintenance, reporting and recordkeeping requirements. These procedures include the maintenance, monitoring and reporting of the Firms' residual interest deposited in segregation for the benefit of the Firm's customers. Related policies ensure compliance with CEA Regulation 1.25(a)(b) that require funds to be invested in high quality and liquid securities with a short term duration.

OPERATIONAL RISK

The Firm maintains policies and procedures to ensure a controlled operational environment with a focus on employment practices and workplace safety, clients, products and business practices, as well as execution, delivery and process management.

TECHNOLOGY RISK

The Firm maintains policies and procedures that establish control requirements designed to protect the Firm as well as customer information from various threats to the security of the information and the systems that store and process such information.

MODEL RISK

The Firm maintains policies and procedures for managing model risk to ensure model monitoring standards are in line with industry best practices and regulatory expectations.

REPUTATIONAL RISK

The Firm maintains policies and procedures regarding reputational risk, including the monitoring of reputational risk limits.

STRATEGIC RISK

The Firm maintains policies and procedures regarding strategic risk, including the monitoring of financial results and strategic risk limits.

LEGAL AND COMPLIANCE RISK

The Firm maintains policies addressing record management requirements, onboarding of new clients and the documentation of transactions, among others. The activity of the FCM is monitored by the Compliance Department for compliance with Commodity Exchange Act/CFTC regulations, and National Futures Association, CME Group and ICE rules. The Firm's Compliance Program establishes a framework for a compliance risk management program that reasonably detects, escalates and addresses compliance matters consistent with regulatory expectations.