

**EXPRESSION OF INTEREST TO BECOME  
A PRIMARY DEALER  
Part I\***

**By submitting these materials, you agree that you will not advertise or include in promotional material or business discussions with any third parties or customers, other than to supervisory or regulatory authorities or as otherwise required by law, your interest in becoming a primary dealer or the fact that you have submitted these materials to FRBNY and are under consideration to become a primary dealer.**

**In addition to this form, a prospective primary dealer should submit a letter that:**

- Outlines the firm’s ability to meet the expectations in the FRBNY Policy on Counterparties for Market Operations and the specific eligibility criteria for primary dealers;
- Includes a listing of the firm’s volume of activity (both for the firm’s own account and the for the firm’s customers) in the last year in the business areas relevant to the primary dealer relationship: U.S. Treasury auction participation, cash market activity in U.S. Treasuries, Agencies and Agency MBS, and repo and reverse repo market activity in the same markets;
- Discusses how becoming a primary dealer fits with the firm’s current business and long term business plan; and
- Includes an organizational chart showing a detailed ownership chain from the firm to the ultimate parent company, listing the jurisdiction of formation for each entity in the chain.

|   |                                     |
|---|-------------------------------------|
| Legal Name & Address of Firm  | Name:<br>Address:                   |
| Type of Entity (broker-dealer, government securities broker-dealer, state bank, etc.) |                                     |
| Primary Business Contact  | Name:<br>Address:<br>Tel:<br>Email: |
| Primary Legal Contact   | Name:<br>Address:<br>Tel:<br>Email: |
| Primary Compliance Contact  | Name:<br>Address:<br>Tel:<br>Email: |

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\* Note that this is the first step in the consideration process. A firm who appears, from this initial expression of interest, to meet the eligibility criteria for becoming a primary dealer will undergo the more comprehensive consideration process, and will be asked to submit additional information, typically of the sort identified in Part II.

|  |   |
|--|---|
| Primary Credit Contact                           | Name:<br>Address:<br>Tel:<br>Email:               |
| Legal Name & Address of Ultimate Parent Company  | Name:<br>Address:                                 |
| Primary Regulator & Contact at Primary Regulator | Regulator:<br>Name:<br>Address:<br>Tel:<br>Email: |

**EXPRESSION OF INTEREST TO BECOME  
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Part II\*  
Information Request**

**A. Organization and Governance**

- Business description of the firm and of the consolidated group to which it belongs, including, among other things: a description of type of entity (U.S. broker dealer, national/state bank, etc.), jurisdiction of formation, number of years of existence, number of employees, a business summary, geographic presence, description of business lines (including types of markets and customers served, and percentage of total revenues and/or operating profits), business strategy, main competitors, risk management policies, composition of the firm's securities portfolio and the firm's funding composition and strategy
- Copy of the firm's original formation documents
- Description of the firm's ownership structure, including the following:
  - For beneficial owners:<sup>1</sup> full legal name, date of birth, SSN, address of residence, country of citizenship, biography (including details on professional experience), ownership percentage, EIN (in case of corporate entity)
  - For control persons:<sup>2</sup> full legal name, date of birth, SSN, address of residence, country of citizenship, biography (including details on professional experience), relationship to the entity
- Organizational chart of the firm, listing senior management of the firm and key management of the business areas in the markets relevant to the FRBNY
- Organizational chart of the firm's consolidated group, describing the relationships between each entity, including ownership and control information of every entity
- Registration information with minority- or women- owned associations or Small Business Administration (where applicable)

**B. Financial Condition**

- For regulated broker-dealers,
  - (3) years audited financial statements
  - Financial and Operational Combined Uniform Single (FOCUS) reports for the fiscal year end month for the past three (3) years and the most recent month of the current year

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\* Note that this is simply a form of typical information request that FRBNY will provide to firms that have completed Part I and that appear to be appropriate candidates for further consideration as a prospective primary dealer. The actual information request submitted to a particular firm may vary depending on a number of factors, including the firm's size and business profile. FRBNY may submit multiple information requests to a particular firm. A firm should not provide this information without first submitting Part I and receiving further direction from FRBNY.

<sup>1</sup>For these purposes, a beneficial owner is defined as any entity or individual with a 10 percent or greater direct or indirect beneficial ownership interest in the firm.

<sup>2</sup> For these purposes, a control person includes senior executives of the firm (e.g., CEO, CFO, COO, etc.), members of the Board of Directors, and other principals, general partner(s) or managing member(s) of the firm.

- For state or federally chartered bank or savings associations (or a state or federally licensed branch or agency of a foreign bank),
  - (3) years audited financial statements
  - most recent interim financial report as required by responsible regulator
- Description of the financial condition of the firm and the consolidated corporate group to which it belongs
- Copies of the firm's tax returns from the last three (3) years

### C. Regulation

- Description of the regulation of the firm and other entities within the consolidated corporate family (i.e., the primary regulator of the firm and the other entities)
- To the extent permissible under the applicable regulatory regime, the firm shall seek consent from its regulator(s) for such firm to provide the FRBNY with copies of the three (3) most recent examination reports. [Please indicate whether such consent request is permissible and if so, the response of the applicable regulator(s).]
- Description of material past or pending legal or regulatory matters involving the firm, its subsidiary or affiliates, its beneficial owners or control persons for the last ten (10) years. A matter is material for these purposes if it is required to be filed in securities disclosures (or would be if the firm were a public entity).

### D. Compliance Regime

- Organizational chart of the firm's compliance function, including number of employees in compliance function, years of service in their roles, descriptions of their role and responsibilities in implementing the firm's compliance program, and biographies for top three (3) compliance officers
- Copy of the firm's fixed income compliance policies and procedures
- Copy of the firm's policies, procedures, training materials, or other communications to promote adherence to Treasury Market Practices Group ("TMPG") Best Practices, as well as evidence of appropriate testing to confirm compliance with the TMPG Best Practices.<sup>3</sup>
- Documentation on the firm's Anti-Money Laundering Program, including:
  - BSA/AML policy and procedures
  - Know Your Customer (KYC) policies and procedures (including Customer Identification Program, Customer Due Diligence and Enhanced Due Diligence)
  - Customer risk rating methodology, as well as a copy of the results of such assessments
  - Transaction monitoring policies and procedures (including policies and procedures regarding the filing of Suspicious Activity Reports)
  - BSA/AML Training Program
  - Any additional policies and procedures related to the USA PATRIOT Act (specifically, Sections 311, 312, 313(a) and (b), 314 (a) and (b), 319 (a) and (b), and 326)

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<sup>3</sup> Primary dealers are required to submit to the New York Fed an annual certification stating that, at all times during the relevant period, the Firm: (a) conducted its primary dealer activities pursuant to policies and procedures reasonably designed to promote adherence to the Best Practices for Treasury, Agency Debt, and Agency Mortgage-Backed Securities Markets (the "TMPG Guidelines"); (b) completed appropriate testing to confirm compliance with those Guidelines; and (c) disclosed, in a required semiannual compliance disclosure, any deviation from the TMPG Guidelines that may have a material impact on the primary dealer relationship.

- Documentation on the firm’s Office of Foreign Assets Control (“OFAC”) Program, including:
  - OFAC policies and procedures (including details on OFAC transaction monitoring, filtering and reporting, blocking funds, annual OFAC reporting, updating the OFAC list, and the firm’s OFAC risk assessment)
  - OFAC Training Program

#### **E. Internal Controls**

- Description of the firm’s corporate governance policies
- Description of the firm’s internal control environment, including related policies and procedures
  - Copies of the three (3) most recent Internal Audit reports regarding internal controls related to business lines or activities that would be directly relevant to the proposed primary dealer relationship
  - Copy of Internal Audit policies and procedures
- Business continuity plan or a description of the contingency arrangements with respect to the business areas in the markets directly relevant to the proposed primary dealer relationship, including details on location, staffing, infrastructure and testing at the alternate site.

#### **F. Customer Base**

- Description of the firm’s customer base and distribution network, including types of customers served and geographic distribution of customers.
- To the extent the firm collects such data, highlight:
  - the percentage of customers operating in High Risk industries (as defined in the BSA/AML Program) and the percentage of revenues derived from such customers, and
  - the percentage of customers operating in High Risk jurisdictions (as defined in the BSA/AML Program) and the percentage of revenues derived from such customers.

#### **G. Other**

- Any other information you think the FRBNY may deem relevant
- Other helpful (but not required information), if available:
  - Rating agency reports
  - Investment analyst reports written about the firm