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## INTRODUCTION

The Commodity Futures Trading Commission (“Commission”) requires each futures commission merchant (“FCM”), including TD Ameritrade Futures & Forex LLC (“TD Ameritrade Futures & Forex”), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities (funds) with the FCM. Except as otherwise noted below, the information set out is as of March 1, 2018. TD Ameritrade Futures & Forex will update this information annually and as necessary to take account of any material change to its business operations, financial condition, or other factors that TD Ameritrade Futures & Forex believes may be material to a customer’s decision to do business with TD Ameritrade Futures & Forex. Nonetheless, TD Ameritrade Futures & Forex’s business activities and financial data are not static and will change in non-material ways frequently throughout any 12-month period.

[NOTE: TD Ameritrade Futures & Forex LLC is a subsidiary of TD Ameritrade Holding Corporation. Information that may be material with respect to TD Ameritrade Futures & Forex LLC for purposes of the Commission’s disclosure requirements may not be material to TD Ameritrade Holding Corporation for purposes of applicable securities laws.]

## FIRM AND ITS PRINCIPALS

TD Ameritrade Futures & Forex LLC  
600 West Chicago Ave.  
Suite 100  
Chicago, IL 60654  
866-839-1100 phone  
773-435-3232 fax  
futuresupport@tdameritrade.com

TD Ameritrade Futures & Forex’s Designated Self-Regulatory Organization (DSRO) is the National Futures Association (NFA) [www.nfa.futures.org](http://www.nfa.futures.org).

The following is a list of TD Ameritrade Futures & Forex’s Principals along with their title, business address, business background, areas of responsibility, and the nature of the duties of each principal as defined in § 3.1(a):

### **James Mackenzie, President, TD Ameritrade Futures & Forex**

**Business Address:** 600 W. Chicago Ave, Suite 100, Chicago, IL 60654

**Background:** James Mackenzie has worked in the financial industry for more than 16 years. Prior to coming to TD Ameritrade, he worked at MF Global, Penson Futures, and Goldenberg Hehmeyer where his main focus was with technology and trading. James holds a Series 3 and 34, has a Bachelor of Arts in Biology and Psychology from Middlebury College, and an MBA from the University of Notre Dame.

**Areas of Responsibility:** Futures & Forex Operations

**Duties:** James Mackenzie is responsible for the Futures and Forex business at TD Ameritrade Futures & Forex.

### **William Yates, Treasurer, TD Ameritrade Futures & Forex**

**Business Address:** 200 South 108th Avenue, Omaha, NE 68154

**Background:** William Yates is responsible for the development and implementation of treasury strategies, managing treasury operations, liquidity, and cash management. William has been with TD Ameritrade since 1996, serving in a number of roles within the company’s finance, operations, and compliance functions during his tenure. Prior to joining TD Ameritrade, William spent nine years with the public accounting firm Arthur Andersen LLP. William has served in various capacities in the securities industry, including most recently as a member of the Midwest District Committee of the Financial Industry Regulatory Authority (FINRA). He also serves on the boards and various board committees of the Options Clearing Corporation and CHI Health. He holds Series 7, 24, 27, and 53 licenses, and is a member of the Nebraska State Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

**Areas of Responsibility:** Treasury

**Duties:** William Yates oversees treasury functions for TD Ameritrade Futures & Forex.

### **Gregg Fuesel, Director, Regulatory Reporting**

**Business Address:** 200 South 108th Avenue, Omaha, NE 68154

**Background:** Gregg Fuesel is Director of Regulatory Reporting at TD Ameritrade. He started at TD Ameritrade in March of 2011. He has worked at multiple broker-dealers along with ten years at the Options Clearing Corporation. Regulatory Reporting is responsible for filing multiple regulatory reports and adhering to regulations of the SEC, FINRA, CFTC, and the NFA along with coordinating the monthly Regulatory Reporting Committee which is responsible for overseeing the regulatory reporting requirements of certain subsidiaries of the Company. He is also a member of the SIFMA Capital Committee. He holds Series 3, 4, 7, 27, 34, and 63 licenses.

**Areas of Responsibility:** Regulatory Reporting

**Duties:** Gregg Fuesel oversees the 1-FR-FCM Report, Segregation Computation, and Regulatory Reporting for TD Ameritrade Futures & Forex.

**Joe Iraci, Managing Director, Financial Risk Management****Business Address:** 1 Plaza Four A, Jersey City, NJ 07311

**Background:** Joe Iraci is a Managing Director at TD Ameritrade where he heads the Financial Risk Management team. Prior to this position, he headed the Financial Markets Services Group, and the Corporate Risk team. Prior to joining TD Ameritrade, Joe held several senior risk management positions within Fidelity Investments at both Fidelity Employer Services Corporation and Fidelity Brokerage Company. Joe previously had been the Head of New Business Operations, UBS AG, and the Regional Head Americas/Deputy Global Head of Operational Risk at Deutsche Bank AG, a position he assumed from heading the Business Risk Management for Deutsche Bank's Corporate Trust and Agency Services business. Prior to joining Deutsche Bank, Joe had been a Bank Examiner with the FDIC and served in the United States Marine Corps. Joe completed his undergraduate studies at St. John's University and received his MBA from New York University.

**Areas of Responsibility:** Risk Management**Duties:** Joe Iraci oversees risk management functions for TD Ameritrade Futures & Forex.**David Kimm, Executive Vice President, Chief Risk Officer****Business Address:** 1 Plaza Four A, Jersey City, NJ 07311

**Background:** David Kimm works with business units throughout TD Ameritrade to identify and manage the organization's credit, market, and operational risks. He also serves as a member of the Company's senior operating committee (SOC), which shapes the strategic focus of the organization. David comes to TD Ameritrade with nearly 35 years in financial services, nearly 15 of which have included responsibility for risk management. He most recently served as the senior vice president and CRO for Wachovia Securities LLC, during which time he established the brokerage firm's risk management organization and was responsible for risk strategy, reporting, risk assessments, operational risk, credit/counterparty management, and oversight of the company's margin portfolio. David also serves on the Board of Directors of the Depository Trust and Clearing Corporation (DTCC).

Prior to joining Wachovia, David served in Chief Financial and Chief Operating Officer roles with several other notable financial services firms, including LPL Financial Services, Fidelity Investments, Cowen & Company, and PaineWebber, Inc.

David attended Michigan State University and received his master's in business administration from New York University.

**Areas of Responsibility:** Risk Management**Duties:** David Kimm oversees all risk management functions for TD Ameritrade Futures & Forex.**Judith Ricketts, Managing Director, Operations, Administration - Clearing****Business Address:** 200 South 108th Avenue, Omaha, NE 68154

**Background:** Judith Ricketts offers the benefit of more than 20 years of corporate experience with TD Ameritrade, which includes expertise in brokerage operations, project management, technology implementation, and system customization. Previously, Judy was the Managing Director for Retail Brokerage Services, responsible for a number of the company's client service functions. She has also held leadership roles in Technology Portfolio Management and a number of Clearing functions, including related work for the company's major mergers and acquisitions spanning from 2001 to 2009 and the creation of the first satellite TD Ameritrade Clearing location in 2004.

Judy holds the Series 4, 7, 24, 27, 53, 55, and 63 securities licenses and is a certified Project Management Professional (PMP). Judy earned a bachelor's degree in Psychology from the University of Nebraska-Lincoln.

**Areas of Responsibility:** Operations

**Duties:** Judy oversees all operations functions for TD Ameritrade, including trading, stock loan, order routing, credit/market risk management, margin, settlements, alternative investments, mutual funds, payment services, government reporting, cost basis/tax reporting, retirement account plan administration, corporate actions, operations control, futures, and foreign exchange operations. She also serves as the President of TD Ameritrade Clearing Inc., the company's clearing broker dealer.

**Ben Miller, Director, TD Ameritrade Futures & Forex****Business Address:** 3000 TD Ameritrade Lane, Southlake, TX 76092

**Background:** Ben Miller has more than 18 years of financial industry experience. Prior to coming to TD Ameritrade, he worked for Penson Futures for more than 10 years and he has experience with Coquest (a registered IB) and ED&F Man where his main focus was with operations. Ben holds a Series 3, 30, and 34 and has a Bachelor of Business Administration from the University of Oklahoma.

**Areas of Responsibility:** Futures & Forex Operations**Duties:** Ben Miller oversees futures and forex operations for TD Ameritrade Futures & Forex.**Steven Quirk, Chief Executive Officer, TD Ameritrade Futures & Forex****Business Address:** 600 West Chicago Avenue, Suite 100, Chicago, IL 60654

**Background:** Steven Quirk oversees the strategy and deployment of initiatives for the Active Trader segment at TD Ameritrade. He also serves as a member of the Company's senior operating committee (SOC), which shapes the strategic focus of the organization. Prior to his current role, Steven was responsible for the development of new trading tools and technology enhancements for the thinkorswim by TD Ameritrade trading platform. Steven's 28-year trading career began in 1987 as a Chicago Board Options Exchange (CBOE) market maker. While at the CBOE, he served on the exchange's Index Market Performance Committee and the Arbitration Committee. Steven was a partner with SCMS for seven years, trading options on index products. He also led the Chicago operations of Van der Moolen USA. Steven graduated from the University of Wisconsin with a B.B.A. in Risk/Insurance and Marketing. He holds Series 3, 4, 7, 24, 34, and 63 licenses.

**Areas of Responsibility:** Registered Principal; Trading**Duties:** Steven Quirk oversees the strategy and deployment of initiatives for the Active Trader segment at TD Ameritrade.

**Susan Boudrot, Managing Director, Global Chief Compliance Officer, TD Ameritrade Holding Corporation**

**Business Address:** 1 Plaza Four A, Jersey City, NJ 07311

**Background:** Susan Boudrot has worked in the financial industry for over 28 years. She currently is a Managing Director and the Global Chief Compliance Officer. She oversees Compliance for the TD Ameritrade Holding Corporation. She is also on the board of directors for TD Ameritrade Futures & Forex. She previously worked at Fidelity where she was responsible for the compliance teams which supported the retail brokerage firm, the defined contribution/benefit organization, the trust company, the insurance agency, the custodial platform for third party investment advisors, and the privacy program. Prior to that, she worked at Charles Schwab where her team supported brokerage operations, advertising, retail sales, research, and the international affiliates of the firm. She was the CCO and General Counsel at Brown & Company, a discount broker-dealer. She also was an Enforcement Attorney with the SEC and an associate in private corporate practice. She has a JD and an MBA from Boston University and a BA from Regis College. She holds the Series 3, 4, 7, 8, 14, 24, and 63 licenses.

**Areas of Responsibility:** Compliance

**Duties:** Susan Boudrot oversees the compliance functions of TD Ameritrade.

**Ovidio Montemayor, Chief Operating Officer, TD Ameritrade Futures & Forex**

**Business Address:** 3000 TD Ameritrade Lane, Southlake, TX 76092

**Background:** Ovidio Montemayor has 18 years of corporate experience with TD Ameritrade which includes expertise in trading operations, security lending, risk management, order routing, and brokerage operations. He holds a Bachelor of Business Management degree from Northwood University.

**Areas of Responsibility:** Futures & Forex Operations

**Duties:** Ovidio Montemayor oversees the firm's futures & forex operations.

**Scott Seiffert, Chief Financial Officer, TD Ameritrade Futures & Forex**

**Business Address:** 200 South 108th Avenue, Omaha, NE 68154

**Background:** Scott Seiffert has more than 20 years of financial services industry experience and is Chief Financial Officer at TD Ameritrade. He has been with TD Ameritrade since July 2016 and prior to joining, held several senior finance positions with Wells Fargo Advisors. Scott previously worked in internal audit at Edward Jones and spent almost 12 years in public accounting. Scott earned a bachelor's degree in Business Administration from the University of Missouri–St. Louis. He holds a Series 27 license.

**Areas of Responsibility:** Accounting and Finance

**Duties:** Scott Seiffert oversees the accounting and financial functions for TD Ameritrade Futures & Forex.

**Kirk Evangeliou, Chief Compliance Officer, TD Ameritrade Futures & Forex LLC**

**Business Address:** 1 Plaza Four A, Jersey City, NJ 07311

**Background:** Kirk Evangeliou has worked in the financial industry for over 20 years. He is currently Managing Director, Retail & Active Trader Compliance at TD Ameritrade Futures and Forex LLC and is responsible for Active Trader Compliance including futures and forex compliance. He also currently serves as the Chief Compliance Officer of TD Ameritrade, Inc. Broker Dealer responsible for Retail and Product Compliance. Prior to joining TD Ameritrade Futures & Forex LLC, Kirk has held a variety of regulatory and compliance roles in the global financial services industry serving in various Bank, Broker Dealer, and Investment Advisor Compliance and Operations roles. Kirk worked at Fidelity where he managed and led the development and enhancement of the Internal Controls and Registration & Licensing Groups for the retail brokerage firm. Additionally, while there, he was responsible for the oversight of the Pyramid Investment Advisor and Broker Dealer Supervisory Structure, Sales Practices, AML, International, and Private Offerings Compliance Programs. Prior to that, he worked at Leerink Swann & Company where he oversaw firm compliance with regulatory rules as they pertained to the firm's Private Client and Institutional Sales Trading Divisions. He has also held positions overseeing bank, brokerage, and wire house back office operations departments supporting Retail and Institutional business lines. Kirk has a Bachelor of Science degree from Providence College and holds the Series 3, 7, 24, 27, 34, and 63 licenses.

**Areas of Responsibility:** Compliance

**Duties:** Kirk Evangeliou oversees the compliance functions of TD Ameritrade Futures & Forex LLC.

## FIRM'S BUSINESS

TD Ameritrade Futures & Forex's business activity caters to self-directed retail futures and forex customers. Our customer base is more than 90% individual or joint accounts. TD Ameritrade Futures & Forex clients do not have direct market or API access to the futures markets. TD Ameritrade Futures & Forex currently offers the ability to execute orders on the CME Group (CME, CBOT, NYMEX & COMEX) ICE US, and CFE. Current product groups offered to our customers to trade include: interest rates; metals; currency; grains; stock index; energy, softs; forest; and livestock futures contracts. TD Ameritrade Futures & Forex offers approximately 77 different commission and non-commission forex pairs. This business activity is supported by one hundred percent (100%) of the firm's assets and capital.

## FCM CUSTOMER BUSINESS

TD Ameritrade Futures & Forex is owned by TD Ameritrade Online Holdings Corporation, which is a wholly owned subsidiary of TD Ameritrade Holding Corporation (along with its subsidiaries "AMTD"), a publicly held company with a market capitalization of over \$27 billion and liquid assets in excess of \$200 million. AMTD, through its broker-dealer and FCM subsidiary, serves an investor base comprised of over 11.0 million funded customer accounts with over \$1.1 trillion in customer assets.

TD Ameritrade Futures & Forex caters to self-directed retail futures and forex customers. Our customer base is more than 90% individual or joint accounts. TD Ameritrade Futures & Forex clients do not have direct market or API access to the futures markets. TD Ameritrade Futures & Forex currently offers the ability to execute orders on the CME Group (CME, CBOT, NYMEX, & COMEX), ICE US, and CFE. Current product groups offered to our customers to trade include: interest rates, metals, currency, grains, stock index, energy, softs, forest, and livestock futures contracts. TD Ameritrade Futures & Forex offers approximately 77 different commission and non-commission forex pairs.

TD Ameritrade Futures & Forex does not own any futures exchange clearing memberships or self-clear any futures or futures options products. TD Ameritrade Futures & Forex utilizes three clearing firms, Wedbush Securities Inc., Wells Fargo Securities LLC, and ABN AMRO Clearing Chicago LLC, to clear its

futures business. TD Ameritrade Futures & Forex is not involved directly or indirectly in taking proprietary trading positions in listed derivatives or engaging in arbitrage activities of any kind. In addition, TD Ameritrade Futures & Forex is not involved in clearing swaps or engaged in over-the-counter derivatives trading. TD Ameritrade Holding's international business is currently limited to its offering of TD Ameritrade Singapore Pte. Ltd. and TD Ameritrade Hong Kong Ltd.

## PERMITTED DEPOSITORIES AND COUNTERPARTIES

TD Ameritrade Futures & Forex will invest futures customer funds in cash and/or U.S. Government securities. The customer segregated funds will remain in cash and/or U.S. Government securities held at US Bank, ABN AMRO, Wells Fargo Securities LLC, and Wedbush Securities Inc. The omnibus accounts titled "TD Ameritrade Futures & Forex LLC Regulation 1.20 Customer Segregated Account" will be a combination of cash and U.S. Government securities pursuant to § 1.25.

TD Ameritrade Futures & Forex maintains and adheres to a separate Depository Selection Policy. TD Ameritrade Futures & Forex performs regular reviews of their bank depositories, counterparties, and vendors to insure that they can support the futures and forex business. The reviews include, but are not limited to:

- A yearly review of the operational capabilities, ideally via a SOC1 or external audit.
- A quarterly financial review by the Treasury department which includes, but is not limited to, a review of the credit ratings from Moody's and S&P.
- A quarterly operational review focused on any issues or concerns raised during the prior quarter.
- A quarterly review of any regulatory actions or fines as well as any major changes in personnel supporting TD Ameritrade Futures & Forex's business with the depository, counterparty, or vendor.

The results of each of these reviews are shared during the quarterly TD Ameritrade Futures & Forex Risk Committee meeting. An appropriate action plan, if needed, will be put in place. It is important to note that additional reviews may take place outside of the listed formal reviews. Depending on the depth of the review, it may or may not be reported to the Risk Committee.

## MATERIAL RISKS

While TD Ameritrade Futures & Forex does not believe any of the following risks to be material, TD Ameritrade Futures & Forex recognizes that customers may be subject to liquidity, credit, and/or counterparty risks by entrusting funds with TD Ameritrade Futures & Forex. TD Ameritrade Futures & Forex attempts to limit these risks by maintaining excess capital and investments in cash or highly liquid, readily accessible products.

In order to assure that it is in compliance with its regulatory capital requirements and that it has sufficient liquidity to meet its ongoing business obligations, TD Ameritrade Futures & Forex holds a significant portion of its nonsegregated liquid assets in cash, highly liquid money market mutual funds, and/or U.S. Treasury securities guaranteed as to principal and interest. As of the date of this disclosure, all nonsegregated liquid funds are held in either 1) cash in a bank account or 2) highly liquid money market mutual funds, both of which are in the name of TD Ameritrade Futures & Forex. Therefore, all nonsegregated liquid assets are available on demand.

TD Ameritrade Futures & Forex carries no debt on the balance sheet and is therefore not financially leveraged. TD Ameritrade Futures & Forex currently has approximately US\$109 million of net capital as of March 1, 2018. TD Ameritrade Futures & Forex holds 100% of investments in overnight cash or cash equivalents, and therefore has adequate available liquidity at all times. Principal liabilities are payables to clients, accounts payable, and deferred income taxes.

TD Ameritrade Futures & Forex holds customer funds in cash and U.S. Treasury securities within properly established §1.20 accounts in the name of TD Ameritrade Futures & Forex LLC and in compliance with §1.25. Customer funds are not invested in any affiliated entity. The weighted average maturity of customer funds invested in U.S. Treasuries is 0.06 years and the weighted average yield is 1.54 percent.

TD Ameritrade Futures & Forex parent corporation, TD Ameritrade Holding Corp., is rated A and A2 by S&P and Moody's, respectively.

TD Ameritrade Futures & Forex has no material commitments.

## MATERIAL COMPLAINTS OR ACTIONS

There are no material administrative, civil, enforcement, or criminal complaints or actions filed against the FCM where such complaints or actions have not concluded, and any enforcement complaints or actions filed against the FCM during the last three years.

*Other Legal and Regulatory Matters* – TD Ameritrade Futures & Forex may be subject to a number of other lawsuits, arbitrations, claims, and other legal proceedings in connection with its business. Some of these legal actions include claims for substantial or unspecified compensatory and/or punitive damages. In addition, in the normal course of business, TD Ameritrade Futures & Forex discusses matters with its regulators raised during regulatory examinations or otherwise subject to their inquiry. These matters could result in censures, fines, penalties, or other sanctions. In light of the uncertainties involved in such matters, TD Ameritrade Futures & Forex is unable to predict the outcome or the timing of the ultimate resolution of these matters, or the potential losses, fines, penalties, or equitable relief, if any, that may result, and it is possible that the ultimate resolution of one or more of these matters may be material to TD Ameritrade Futures & Forex's results of operations for a particular reporting period.

## CUSTOMER FUNDS SEGREGATION

**Customer Accounts.** FCMs may maintain up to three different types of accounts for customers, depending on the products a customer trades:

- (i) a **Customer Segregated Account** for customers that trade futures and options on futures listed on U.S. futures exchanges;
- (ii) a **30.7 Account** for customers that trade futures and options on futures listed on foreign boards of trade (At this time, TD Ameritrade Futures & Forex customers do not engage in activity that requires a 30.7 account.); and
- (iii) a **Cleared Swaps Customer Account** for customers trading swaps that are cleared on a DCO registered with the Commission (At this time, TD Ameritrade Futures & Forex customers do not engage in activity that requires a cleared swaps customer account.).

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities, and other collateral (collectively, Customer Funds) required to be held in one type of account, for example, the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, for example, the 30.7 Account, except as the Commission may permit by order. For example, the Commission has issued orders authorizing ICE Clear Europe Limited, which is registered with the Commission as a DCO, and its FCM clearing members:

(i) to hold in Cleared Swaps Customer Accounts Customer Funds used to margin both (a) Cleared Swaps and (b) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such Cleared Swaps and foreign futures and foreign options; and (ii) to hold in Customer Segregated Accounts Customer Funds used to margin both (c) futures and options on futures traded on ICE Futures U.S. and (d) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such transactions.

**Customer Segregated Account.** Funds that customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on futures exchanges located in the U.S., for example, designated contract markets, are held in a **Customer Segregated Account** in accordance with section 4d(a)(2) of the Commodity Exchange Act and Commission Rule 1.20. **Customer Segregated Funds** held in the Customer Segregated Account may not be used to meet the obligations of the FCM or any other person, including another customer.

All Customer Segregated Funds may be commingled in a single account, such as a customer omnibus account, and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside of the U.S. that has in excess of US\$1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only: (i) in the U.S.; (ii) in a money center country; or (iii) in the country of origin of the currency.

An FCM must hold sufficient U.S. dollars in the U.S. to meet all U.S. dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than the U.S. dollar) as follows: (i) U.S. dollars may be held in the U.S. or in money center countries<sup>1</sup> to meet obligations denominated in any other currency; and (ii) funds in money center currencies<sup>2</sup> may be held in the U.S. or in money center countries to meet obligations denominated in currencies other than the U.S. dollar.

**30.7 Account.** Funds that **30.7 Customers** deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on foreign boards of trade, for example, **30.7 Customer Funds**, and sometimes referred to as the **foreign futures and foreign options secured amount**, are held in a **30.7 Account** in accordance with Commission Rule 30.7.

Funds required to be held in the 30.7 Account for or on behalf of 30.7 Customers may be commingled in an omnibus account and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside the U.S. that has in excess of US\$1 billion in regulatory capital; (iii) an FCM; (iv) a DCO; (v) the clearing organization of any foreign board of trade; (vi) a foreign broker; or (vii) such clearing organization's or foreign broker's designated depositories. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's 30.7 Customers. As explained below, Commission Rule 30.7 restricts the amount of such funds that may be held outside of the U.S.

Customers trading on foreign markets assume additional risks. Laws or regulations will vary depending on the foreign jurisdiction in which the transaction occurs, and funds held in a 30.7 Account outside of the U.S. may not receive the same level of protection as Customer Segregated Funds. If the foreign broker carrying 30.7 Customer positions fails, the broker will be liquidated in accordance with the laws of the jurisdiction in which it is organized, which laws may differ significantly from the U.S. Bankruptcy Code. Return of 30.7 Customer Funds to the U.S. will be delayed and likely will be subject to the costs of administration of the failed foreign broker in accordance with the law of the applicable jurisdiction, as well as possible other intervening foreign brokers, if multiple foreign brokers were used to process the U.S. customers' transactions on foreign markets.

If the foreign broker does not fail but the 30.7 Customers' U.S. FCM fails, the foreign broker may want to assure that appropriate authorization has been obtained before returning the 30.7 Customer Funds to the FCM's trustee, which may delay their return. If both the foreign broker and the U.S. FCM were to fail, potential differences between the trustee for the U.S. FCM and the administrator for the foreign broker, each with independent fiduciary obligations under applicable law, may result in significant delays and additional administrative expenses. Use of other intervening foreign brokers by the U.S. FCM to process the trades of 30.7 Customers on foreign markets may cause additional delays and administrative expenses.

To reduce the potential risk to 30.7 Customer Funds held outside of the U.S., Commission Rule 30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside of the U.S. except as necessary to meet margin requirements, including prefunding margin requirements, established by rule, regulation, or order of the relevant foreign boards of trade or foreign clearing organizations, or to meet margin calls issued by foreign brokers carrying the 30.7 Customers' positions. The rule further provides, however, that in order to avoid the daily transfer of funds from accounts in the U.S., an FCM may maintain in accounts located outside of the U.S. an additional amount of up to 20% of the total amount of funds necessary to meet margin and prefunding margin requirements to avoid daily transfers of funds.

**Cleared Swaps Customer Account.** Funds deposited with an FCM, or otherwise required to be held for the benefit of customers, to margin swaps cleared through a registered DCO, that is, **Cleared Swaps Customer Collateral**, are held in a **Cleared Swaps Customer Account** in accordance with the provisions of section 4d(f) of the Act and Part 22 of the Commission's rules. Cleared Swaps Customer Accounts are sometimes referred to as LSOC Accounts. LSOC is an acronym for "legally separated, operationally commingled." Funds required to be held in a Cleared Swaps Customer Account may be commingled in an omnibus account and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside of the U.S. that has in excess of US\$1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's Cleared Swaps Customers.

**Investment of Customer Funds.** Section 4d(a)(2) of the Act authorizes FCMs to invest Customer Segregated Funds in obligations of the United States, in general obligations of any State or of any political subdivision thereof, and in obligations fully guaranteed as to principal and interest by the United States. Section 4d(f) authorizes FCMs to invest Cleared Swaps Customer Collateral in similar instruments.

Commission Rule 1.25 authorizes FCMs to invest Customer Segregated Funds, Cleared Swaps Customer Collateral, and 30.7 Customer Funds in instruments of a similar nature. Commission rules further provide that the FCM may retain all gains earned and is responsible for investment losses incurred in connection with the investment of Customer Funds.

Permitted investments include:

- (i) Obligations of the United States and obligations fully guaranteed as to principal and interest by the United States (U.S. government securities);
- (ii) General obligations of any State or of any political subdivision thereof (municipal securities);
- (iii) Obligations of any United States government corporation or enterprise sponsored by the United States government (U.S. agency obligations)<sup>3</sup>;

<sup>1</sup> Money center countries means Canada, France, Italy, Germany, Japan, and the United Kingdom.

<sup>2</sup> Money center currencies means the currency of any money center country and the Euro.

<sup>3</sup> Obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Association are permitted only while these entities operate under the conservatorship or receivership of the Federal Housing Finance Authority with capital support from the United States.

- (iv) Certificates of deposit issued by a bank (certificates of deposit) as defined in section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Deposit Insurance Corporation;
- (v) Commercial paper fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (commercial paper);
- (vi) Corporate notes or bonds fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and
- (vii) Interests in money market mutual funds.

The duration of the securities in which an FCM invests Customer Funds cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with nonaffiliated registered broker-dealers, provided such transactions are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions with Customer Funds must be held in the appropriate Customer Account, that is, Customer Segregated Account, 30.7 Account, or Cleared Swaps Customer Account. Further, in accordance with the provisions of Commission Rule 1.25, all such funds or collateral must be received in the appropriate Customer Account on a delivery versus payment basis in immediately available funds<sup>4</sup>.

**No SIPC Protection.** Although TD Ameritrade, Inc. is a registered broker-dealer, it is important to understand that the funds you deposit with TD Ameritrade Futures & Forex LLC for trading futures and options on futures contracts on either U.S. or foreign markets or cleared swaps are not protected by the Securities Investor Protection Corporation.

Further, Commission rules require TD Ameritrade Futures & Forex to hold funds deposited to margin futures and options on futures contracts traded on U.S. designated contract markets in Customer Segregated Accounts. Similarly, TD Ameritrade Futures & Forex must hold funds deposited to margin cleared swaps and futures and options on futures contracts traded on foreign boards of trade in a Cleared Swaps Customer Account or a 30.7 Account, respectively. In computing its Customer Funds requirements under relevant Commission rules, TD Ameritrade Futures & Forex may only consider those Customer Funds actually held in the applicable Customer Accounts and may not apply free funds in an account under identical ownership but of a different classification or account type (for example, securities, Customer Segregated, 30.7) to an account's margin deficiency. In order to be used for margin purposes, the funds must actually transfer to the identically owned undermargined account.

For additional information on the protection of customer funds, please see the Futures Industry Association's "Protection of Customer Funds Frequently Asked Questions" located at [www.futuresindustry.org/downloads/PCF\\_questions.pdf](http://www.futuresindustry.org/downloads/PCF_questions.pdf).

## FILING A COMPLAINT

A customer that wishes to file a complaint about TD Ameritrade Futures & Forex or one of its employees with the Commission can contact the Division of Enforcement either electronically at <https://forms.cftc.gov/fp/complaintform.aspx> or by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382).

A customer may file a complaint about TD Ameritrade Futures & Forex or one of its employees with the National Futures Association electronically at <https://www.nfa.futures.org/basinet/Complaint.aspx> or by calling NFA directly at 800-621-3570.

## RELEVANT FINANCIAL DATA

TD Ameritrade Futures & Forex's annual audited financial statements are available here:

[https://www.tdameritrade.com/retail-en\\_us/resources/pdf/TDAFF\\_Website\\_certified\\_annual\\_report.pdf](https://www.tdameritrade.com/retail-en_us/resources/pdf/TDAFF_Website_certified_annual_report.pdf)

### Financial Data as of month end February 2018

Total Equity	US\$180,134,236
Regulatory Capital	US\$110,543,552
Net Worth	US\$180,134,236
Proprietary margin requirements as a percentage of the aggregate margin requirement for:	
futures customers	US\$0
cleared swaps customers	N/A
30.7 customers	N/A
Number of futures customers, cleared swaps customers, and 30.7 customers that comprise 50% of the FCM's total funds held for:	
futures customers	155
cleared swaps customers	N/A
30.7 customers	N/A
Aggregate notional value of all nonhedged, principal over-the-counter transactions	N/A
Unsecured lines of credit the FCM has obtained but not yet drawn upon*	US\$22,500,000
Aggregated amount of financing the FCM provides for customer transactions involving illiquid financial products	0
Percentage of futures customer, cleared swap customer, and 30.7 customer receivable balances that the FCM had to write off as uncollectable during the past 12-month period	0

<sup>4</sup> As discussed below, NFA publishes twice-monthly a report, which shows for each FCM, inter alia, the percentage of Customer Funds that are held in cash and each of the permitted investments under Commission Rule 1.25. The report also indicates whether the FCM held any Customer Funds during that month at a depository that is an affiliate of the FCM.

At this time, TD Ameritrade Futures & Forex customers do not engage in activity that requires a 30.7 account or in cleared swap activity. As such, TD Ameritrade Futures & Forex does not have any data to report 30.7 activity or cleared swap activity.

Additional financial information on all FCMs is also available on the Commission's website at: <http://www.cftc.gov/MarketReports/FinancialDataforFCMs/index.htm>.

Customers should be aware that the National Futures Association (NFA) publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM's most recent month-end adjusted net capital, required net capital, and excess net capital. (Information for a twelve-month period is available.) In addition, NFA publishes twice-monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts; and (iii) excess segregated funds, that is, the FCM's Residual Interest. This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under Commission Rule 1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a depository that is an affiliate of the FCM.

The report shows the most recent semimonthly information, but the public will also have the ability to see information for the most recent twelve-month period. A 30.7 Customer Funds report and a Customer Cleared Swaps Collateral report provides the same information with respect to the 30.7 Account and the Cleared Swaps Customer Account.

The above financial information reports can be found by conducting a search for a specific FCM in NFA's BASIC system (<http://www.nfa.futures.org/basicnet/>) and then clicking on "View Financial Information" on the FCM's BASIC Details page.

\*The generic source is TD Ameritrade Holding Corp. and the purpose is Contingent liquidity.

## **RISK MANAGEMENT SUMMARY**

TD Ameritrade Futures & Forex has established, maintains, and enforces a system of risk management policies and procedures designed to monitor and manage the risks associated with the activities of TD Ameritrade Futures & Forex. TD Ameritrade Futures & Forex maintains written policies and procedures that describe the Risk Management Program, which will be submitted to the CFTC per § 1.11. As part of the Risk Management Program, TD Ameritrade Futures & Forex has established and maintains a Risk Management Unit with sufficient authority, qualified personnel, and financial, operational, and other resources to carry out the Risk Management Program. The Risk Management Unit reports directly to Senior Management and is independent from the business unit.

### **Risk Management Program**

TD Ameritrade Futures & Forex currently has multiple, robust risk management processes in place. TD Ameritrade Futures & Forex's Risk Management Program includes, but is not limited to, identifying risks and risk tolerance limits, periodic risk exposure reports, and policies and procedures to monitor segregation, capital, and operational risks.

### **Identifying Risks and Risk Tolerance Limits**

TD Ameritrade Futures & Forex's Risk Management Program takes into account market, credit, liquidity, foreign currency, legal, operational, settlement, segregation, technological, capital, and other applicable risks with a description of the risk tolerance limits and methodology for these limits.

### **Periodic Risk Exposure Reports**

The Risk Management Unit provides senior management and the CFTC quarterly written reports setting forth all applicable risk exposures of TD Ameritrade Futures & Forex, any recommended or completed changes to the Risk Management Program and time frame for implementing recommended changes, and the status of any incomplete implementation of previously recommended changes to the Risk Management Program.

### **Segregation Risk**

As part of TD Ameritrade's Risk Management Program in regards to segregation risk, the following processes and procedures have been established:

As part of TD Ameritrade Futures & Forex's Risk Management Program in regards to segregation risk, the following processes and procedures have been established:

- Policies designed to manage segregation risk, including a process for the evaluation of depositories for segregated funds;
- A process designed to monitor the residual interest TD Ameritrade Futures & Forex seeks to maintain in the segregated funds accounts;
- A process designed for the withdrawal of cash or property from accounts holding segregated funds, where withdrawal is not for payment or on behalf of TD Ameritrade Futures & Forex's customers;
- A process for assessing the appropriateness of specific investments of segregated funds;
- Procedures requiring the appropriate separation of duties among individuals responsible for compliance with regulations relating to the protection and financial reporting of segregated funds;
- A process and procedures for timely recording of transactions;
- A program for annual training of all officers and employees regarding the segregation requirements for segregated funds;
- Policies for assessing the liquidity and mark-to-market valuation of all noncash assets held as segregated funds.

### **Operational Risk**

TD Ameritrade Futures & Forex's Risk Management Program includes automated controls designed to prevent the placing of erroneous trade orders. The Risk Management Program also ensures the supervision, maintenance, testing, and inspection of automated trading programs.

### **Capital Risk**

TD Ameritrade Futures & Forex's Risk Management Program ensures that TD Ameritrade Futures & Forex has sufficient capital to be in compliance with the Act and the regulations, and sufficient capital and liquidity to meet the reasonably foreseeable needs of TD Ameritrade Futures & Forex.

### **Supervision and Testing of the Risk Management Program**

TD Ameritrade Futures & Forex's Risk Management Program includes a supervisory system that is reasonably designed to ensure that the policies and procedures are diligently followed. The Risk Management Program is reviewed and tested at least annually by internal audit staff or a third party audit service that is independent of the business unit. TD Ameritrade Futures & Forex documents all internal and external reviews of the Risk Management Program.



**Distribution of the Risk Management Policies and Procedures**

TD Ameritrade Futures & Forex's written risk management procedures are distributed to supervisory personnel and a record of such distribution is maintained. Written approvals and all records or reports are maintained in accordance with § 1.31.

Despite TD Ameritrade Futures & Forex's efforts to manage risk through policies, procedures, and governance structures, there can be no assurance that TD Ameritrade Futures & Forex will not sustain material losses as part of its operation.

**LEVERAGE RATIO**

The Firm's Leverage Ratio is provided pursuant to CFTC Rule 1.55(k)(5). As of February 28, 2018, the Firm's Leverage Ratio was 1.09.

This Disclosure Document was first used on March 26, 2018.

