Dodd-Frank: Information Governance And eDiscovery Next Steps

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Executive Summary

The Dodd-Frank Act of 2010 poses the largest comprehensive information governance (IG) challenge to corporations since the Sarbanes-Oxley Act of 2002 (SOX). As new Dodd-Frank mandated rules are adopted financial institutions and public corporations alike will face a confusing array of new rules and regulatory requirements.

SOX mandated financial and security controls, oversight and responsibility in reaction to corporate fraud. Dodd-Frank's goal is overall market transparency, risk management and data accessibility. Why is this important? Achieving this goal requires organizations of all kinds to reassess their IG capabilities from the board room to the basement and everywhere in between.

Specifically, Dodd-Frank poses a number of IT challenges for which organizations may not be fully prepared:

- Defining your company's role in the derivatives market to determine what new retention and reporting rules apply.
- Identifying systems, employees, communications and records related to derivative transactions and executive compensation for retention, monitoring and retrieval.
- Managing exponential data-growth across a dizzying array of sources including voice, instant messaging, social media, mobile devices and cloud services.
- Increasing expectations of mature eDiscovery capabilities in matters that touch on executives and market participation.
- Dramatically raising incentives and protections for corporate whistleblowers.

This eDJ Research Report provides:

- An overview of the Dodd-Frank Act, regulatory changes and how they apply to non-financial corporations
- An analysis of how the majority of US organizations, financial and nonfinancial, will be impacted.
- A summary of key regulations requiring increased and optimized information governance processes and technology.
- Pragmatic recommendations for technology investments and policy/procedure initiatives.

Top 3 eDJ recommendations:

- Upgrade derivative transaction records and communications for compliance with identification, preservation and retrieval requirements; after all, you likely already have an eDiscovery infrastructure in place.
- Capture synergies with existing infrastructure for eDiscovery and leverage new transparency mandates to create business intelligence infrastructure across systems.
- Prepare your company for exploding data volumes and diversity through policy, controls and retention systems or suffer the consequences with sanctions and spiraling Litigation costs.

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

UNITED STATES CONGRESS HOUSE OF REPRESENTATIVES

Introduction to Dodd-Frank

The Dodd–Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank", or, "the Act") was passed on July 21, 2010 in response to the economic downturn that began in 2008. It increased the reach and type of regulation over the operations of US financial entities and most other US publically traded corporations. The Securities and Exchange Commission (SEC) describes the Act as "a framework that will support an entirely new regulatory regime"[1]. Dodd-Frank creates the most sweeping regulatory changes to the modern American financial system since the Sarbanes-Oxley act of 2002 and the market overhaul in response to the Great Depression of the 20s and 30s.

Many corporations assumed or hoped that the legislation would affect only certain activities of investment banks and organizations participating in consumer credit products. A closer inspection reveals that Dodd-Frank-managed agencies and mandated rules are not only aimed at overseeing systematic risk at financial entities, but important sections of the Act regulate activities common to almost all other US public corporations as well as many private firms. This extends the authority of the SEC, Commodity Futures Trading Commission (CFTC) and other new agencies over many new public and private companies.

1 http://www.sec.gov/spotlight/dodd-frank.shtml

The Act has initiated retention and reporting requirements for Over-The-Counter (OTC) swap/derivative trades that were heretofore unregulated in the US. Financial entities that engage in significant swap activity, either as Swap Dealers (SD) or Major Swap Participants (MSP), are seeking expert guidance from legal and technology professionals as well as creating internal project teams to comply with the new, far reaching regulations.

Whereas many financial entities started girding themselves early on for regulation of their swaps/derivatives activity, other public corporations that trade swaps as a hedge against various kinds of business-related risk are feeling somewhat blind-sided. Studies indicate that over 90% of corporations use derivatives to manage business and macroeconomic risks[2]. More importantly, a recent study of the filings from 87 oil and gas companies determined that over 62% of trades did not meet the requirements for hedge accounting[3]. As a result, these trades were judged to be structured to produce profit rather than simply manage risk and be physically settled. Extrapolating from these statistics, it is readily apparent that a large portion of corporations may find themselves treated as Swap Dealers or Major Swap Participants when regulators and the courts begin enforcement. Until then, their OTC hedging is subject to the new record keeping and reporting requirements.

Dodd-Frank Significantly Impacts IT

The new rules that pose the largest IT burden clearly target companies regulated by the SEC or the CFTC engaged in speculative derivative trading, the same types of trades at the root of the recent financial crisis. However, the overall theme of systematic risk mitigation across the U.S. economy reaches far beyond broker/dealers and banks. The enhanced retention and reporting rules for non-banking financial market participants (End-users) will require mature financial and data management systems to identify, classify, retain, search, retrieve, analyze and expire a wide range of content from the board room on down.

Non-financial companies using derivatives for risk management can apply for the "End-user Exception" to avoid real-time reporting and traditional broker-dealer supervision requirements. They will still have to make minimum yearly End-user reports, retain "full, complete, and systematic records, together with all pertinent data and memoranda" of each transaction for five years following the swap's final termination and be prepared to comply with regulatory agency requests regarding swap activity. The CFTC does not define a record, per se, but the End-user must be able to reconstruct any derivative transaction and retrieve related communications and documents. Corporate audit, risk and compliance units will require enhanced search, analysis and monitoring of financial, communication and other record systems.

Areas such as executive compensation, investor relationships/communications, credit reporting and risk analysis that were previously not regulated or loosely regulated now require detailed record keeping and reporting. These new recording and reporting practices will demand human and technological processes with increased active storage capacity, sophisticated analytics, federated search, robust reporting capabilities as well as the facility to handle new data types such as voice and social networking content. Without such capabilities, compliance will be nearly impossible, and certainly a manual, expensive task.

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2 www.isda.org/researchnotes/pdf/ISDA-Research-Notes2.pdf

3 http://insight.kellogg.northwestern.edu/article/more_than_risk_management

What Types of Organizations Do the Dodd-Frank Rules Apply To?

The following questions and the rule coverage list to the right should help determine which new requirements may apply.

Are you a financial entity? If so, then Dodd-Frank has already hit you with a host of new rules with more being proposed. The broader general requirements covered in this report apply to you, but you will need qualified professional advice to meet your new obligations.

Do you sell consumer financial products such as credit cards, loans, mortgages or report customer credit activity? You are regulated by a new agency and have new reporting requirements.

Are you a publicly traded corporation? At a minimum, you have new record keeping and disclosure requirements covering executive structure/compensation, use of compensation consultants and shareholder communications.

Do you use hedges or derivatives to manage risk? You will need to register for a Legal Entity Identifier and evaluate your trading to see if you qualify for the End-user Exemption.

Are you involved in mineral mining? You have new SEC reporting obligations on health and safety.

Do you manufacture products using tin, tantalum, tungsten or gold that may come from conflict countries (Congo)? You will need to evaluate your use of these minerals by conducting a 'reasonable country of origin inquiry' (RCOI) to determine whether any of the minerals originated in the covered countries or are from scrap or recycled sources and classify them as "DRC Conflict Free," "Not Been Found to Be 'DRC Conflict Free,'" and/or "DRC Conflict Undeterminable." There are specific program elements and reporting requirements for each classification.

Exec Structure-Compensation Disclosures Whistleblower Incentives
All Publically Traded Corporations
Consumer Credit Rules
Credit card issuers
Check-cashing
Automotive Loans
Mortgage Banks
Retail credit
Utilities
Telecommunications
Tax preparers
Conflict Minerals Disclosures
White-goods
Electronics
Automotive
Energy
Retail
Food
Medical Devices
Jewelry
Swap End-User Reporting
Agri-business
Food/Beverage
Airlines/Transit/Trucking
Manufacturing
Energy
Mining Safety Reporting

When Is Compliance Required?

Dodd-Frank (**Pub. L. 111–203,H.R. 4173**) was signed into federal law by President Obama on July 21, 2010 with sixteen titles relating to eleven federal agencies/bureaus to be implemented over five years. The Act created several new agencies, commissioned 71 studies and mandated roughly 250 rules that have now grown to 398 rulemaking requirements.

As of April 1, 2013[4], only 148 rules have been finalized and 129 have not reached the proposal stage. As studies

4 http://www.davispolk.com/files/Publication/900769d7-74f0-474c-9bce-0014949f0685/Presentation/PublicationAttachment/3983137e-6

are released and new rules are proposed, these regulatory frameworks will continue to shift. Obviously this is a moving target for anyone engaged in compliance activities and will need to be closely monitored for years to come.

Because Dodd-Frank compliance requirements have some similarities to eDiscovery requirements governed by the Federal Rules of Civil Procedure (FRCP), there is no reason to simply ignore Dodd-Frank based on timing of the rules. At the end of the day, the infrastructure required to store, manage, preserve, retrieve, and analyze electronic information for Dodd-Frank compliance is the same as that required to conduct eDiscovery. All companies – especially those potentially affected by Dodd-Frank – should at least keep compliance considerations in mind when they plan for information governance and eDiscovery projects.

Breaking Down the New Dodd-Frank Requirements

Trade Record Keeping and Reporting

Swap Dealer / Major Swap Participants are now covered by a significant number of new regulations including real time trade reporting and routing trades through a central clearing house such as the Options Clearing Corporation (OCC). Additionally, any corporation that trades for speculation or simply to hedge commercial risks (End-user) is now required to retain expanded financial information regarding the trade for the lifetime of trade plus five (5) years. Although End-users are still permitted to keep these records in paper format, they must be able to locate and make them available to any regulator (CFTC, US Department of Justice, SEC, etc.) within 5 business days upon request. End-users can transfer the real-time reporting burden with trades executed on a trading facility with a registered Swap Dealer or other regulated financial entity, but they must still keep their financial records and make annual reports.

Requirement	
End User Swap Reporting	
Applies:	
All Swap/Derivative End Users	
Agency(s)	SEC; CFTC
Effective:	7/1/2013 with provisions
Section(s):	DF: 723 2(h)(7) CFTC: 77 Fed. Reg. 2136

Even if exempt from primary reporting requirements as an End-user, the CFTC and SEC retain investigative authority for market fraud and manipulation. Derivative participants must be able to reconstruct trades, related communications and reference materials used for trade decisions. Communication sources have been expanded to include calls, voicemail, social media and third-party messaging systems, all of which must be retained with the UTC date/time.

Requirement	
Yearly board approval for swap activity	
Applies:	
All Swap/Derivative End Users	
Agency(s)	SEC; CFTC
Effective:	7/1/2013 with provisions
Section(s):	DF: 723

Non-financial corporations who elect to use the End-user Exemption must make an annual report that includes board or committee approval to avoid the higher retention and reporting obligations. This makes executives responsible for reviewing the company's swap policies, procedures and hedging strategy.

New Risk Committees

The SEC only mandates the creation of qualified, standing risk committees at large financial entities, but stock exchanges require public companies to establish qualified audit committees whose responsibilities include similar risk assessment and management. Under this new regulatory environment of financial transparency, eDJ expects audit committees to take a much more proactive role and demand enhanced monitoring and investigation capabilities. Even for companies

Requirement	
Creation of Risk or Audit Committee re: risk assessment and management	
Applies:	
All Public Companies	
Agency(s)	SEC;
Effective:	Pending Review
Section(s):	DF: 165(h)

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not under broker dealer retention rules (SEC 17a-4, FINRA 10-06/3010/3110), audit committees will want the ability to reconstruct the context and communications around these complex financial contracts. Swaps and options are an essential component to managing commercial risks in a global economy where a sudden currency or commodity fluctuation can convert the most profitable deal into a devastating loss.

Proxy Access

Requirement	
Nomination of Director Candidates via Proxy Materials	
Applies:	
All Public Companies	
Agency(s)	SEC;
Effective:	On hold
Section(s):	DF: 165(h) SEC

The initial SEC rules permitting shareholders to use the company's proxy solicitation materials to nominate director candidates were struck down in 2011, and the SEC has not appealed that decision. The court found that the SEC had not sufficiently considered the economic burden or impact. So corporations have dodged this recordkeeping bullet for now.

Executive Compensation Disclosure

These new rules require disclosure of executive compensation and periodic shareholder approval. This shines a bright light on compensation committees', "Golden Parachutes" and potential conflict of interest by committee advisors. Although the new rules do not expand existing corporate retention requirements, the documents created by the required disclosure and approval process will play a central role in potential shareholder lawsuits.

Requirement	
Disclose Executive Compensation and Structure	
Applies:	
All Public Companies	
Agency(s)	SEC
Effective:	1/21/2011
Section(s):	DF: 951-954 SEC

Corporate boards have long minimized meeting minutes and circled the wagons around their compensation decisions. The "Say-on-Pay" sections of Dodd-Frank essentially force boards to record their justification for executive compensation with the knowledge that sooner or later those records and related communications may be subject to legal hold or discovery request.

Whistleblower Protection

Requirement	
Whistle Blower Protection	
Applies:	
All Public Companies	
Agency(s)	SEC
Effective:	7/22/2010
Section(s):	DF: 922-923 SEC

Dodd-Frank strengthens the whistleblower protections mandated by Sarbanes-Oxley (SOX) by, in part, doubling the statute of limitations period for making whistleblower claims and establishing an Investor Protection Fund of up to $300 million for the SEC to compensate whistleblowers and fund the Inspector General. More importantly, it mandates the SEC to compensate whistleblowers who provide original information between 10-30% of sanctions over $1 million. The combination of extended protections and large financial incentives may conquer the fear of retaliation or bureaucratic incompetence for previously reluctant employees. If these rules result in a surge of whistleblower claims and the corresponding exposure of confidential, trade secret or proprietary corporate data, eDJ expects to see a renewed investment in technologies such as data loss prevention, encryption, record-less messaging and other passive protections. Dodd-Frank reinforced protection of privileged information for disclosed information, but this does not extend to confidential information. The increased rewards for reporting malfeasance should drive proactive compliance and monitoring systems that will enable the corporations to rapidly identify and remediate issues to reduce these risks. That may be the not-so-hidden agenda of these rules: to incentivize corporations to put the right people, processes and technologies in place.

Consumer Protections

Requirement	
Consumer Protections	
Applies:	
Providers of consumer financial products	
Agency(s)	CFPB
Effective:	7/12/2010
Section(s):	DF: 1011-1018

Dodd-Frank created the Consumer Financial Protection Bureau (CFPB) to regulate consumer financial products and services such as loans, credit cards, mortgages and more. CFPB rules mandate new customer disclosures, reporting and as yet undetermined discovery capabilities. We expect that credit unions, thrifts, mortgage brokers and other providers of consumer financial products will eventually need to expand their documentation supporting these consumer transactions, policies to file reports with the CFPB and respond to any investigations.

Technologies – Functional Compliance Investments

How can corporate Information Technology, Compliance, Records Management and Legal departments meet these new challenges through updated policies, procedures and technology? "Big Data" analytics and other methods gaining ground in eDiscovery and information governance areas are being deployed to bring corporate data in line with increased regulatory standards. However, technology alone is never the answer. Information Management professionals will need to prepare for these initiatives by building the right team of stakeholders and experts to select and implement solutions that will touch so many business areas in a way that will only succeed with close collaboration by information professionals.

Public corporations must adapt their business operating models and processes to establish internal management, accessibility, compliance and transparency for data systems and sources. Despite the relatively minor role that risk management trading may play in a corporation, it can no longer be managed with spreadsheets and manual retention methods. Companies must create a financial data architecture that manages transactional data and contextually related records to meet these information governance challenges.

Financial entities already regulated by the SEC or CFTC as broker-dealers, swap dealers or major swap participants have existing record-keeping, reporting and compliance requirements that will need the same expanded information governance capabilities on top of their mandated changes. Unlike End-users, speculative traders will need real-time trade monitoring and reporting of deal positions, terms and risk. New rules recognize that trading related communications have expanded into voice, social media and mobile devices, adding complicated data sources that must be retained, monitored and produced upon request.

Compliance

Rules, Alerts, Trend Reporting – The monitoring of financial positions, related communications (including voice), internal business drivers and risk factors will represent a substantial burden without automated compliance systems that incorporate dynamic rules, alerts and trend analysis reports.

Compliance review – Although End-users are not required to perform monthly or yearly supervisory reviews of trade related communications or financial records (FINRA 3010), the new emphasis on risk monitoring and the yearly End-user Exemption election reporting requirements raise the stakes on compliance. As corporations implement monitoring and alert systems, they will need supervisory review and escalation systems to evaluate suspected items in context and conduct investigations when warranted. There are solid arguments for periodic random or targeted reviews in light of the increased regulatory scrutiny and new whistle blower incentives.

Data Security – The consequences for loss of corporate and customer data have never been higher due in part to the

new consumer protection rules and whistle blower incentives. Corporations should evaluate data sources for data loss impact and consider encryption, end point protection, record-less messaging and other data loss prevention systems to manage the increased risks.

Content Management

Content Classification – The sheer scale and diversity of enterprise data has rendered manual classification strategies increasingly obsolete. Early rule-based classification engines such as Message Gate and Orchestria tried to penetrate the archiving market for over 10 years with little success. Customers struggled to create and maintain relevant, effective category rules over dynamic data streams. Technology Assisted Review (TAR), predictive or transparent coding, discovery systems give these classification technologies a viable machine learning process for creating, maintaining and measuring classification rules. That puts them back on the IT radar as a component of new content management processes.

Enterprise Archives – Enterprise archives have grown well beyond email capture. They now have connectors into social media, instant messaging, voice and many other sources essential to dynamic business processes. Communication platforms are not designed for compliance-level storage and retrieval of terabytes of information for five or more years. Cloud-based compliance archives have lowered the implementation and infrastructure cost, making them a viable retention option for large and small enterprises.

Retention Management – The knee-jerk adoption of email journaling and archives following the 2006 Federal Rules of Civil Procedure has resulted in the creation of corporate digital landfills in archives, file shares and tape libraries. The lesson from this "keep it all" trend is to have a plan for defensible deletion before you start to hoard data. Every data source should be evaluated for business relevance and default retention category. The key to enabling defensible deletion is a solid Legal Hold and classification process to meet regulatory and legal obligations.

Content Accessibility

Search – After classification and retention of the right data, company's need the ability to find and retrieve it. Search tends to a siloed technology with distinct fields, syntax and export formats across communications, documents and financial databases. Federated enterprise search systems map these diverse elements for single search functionality. Search and retrieval is a critical requirement for internal, regulatory and discovery requests on your new systems. Scenario-based acceptance testing should be conducted to document the accuracy and performance capabilities. It is important to understand the volume and retrieval criteria associated with your average transaction across related data systems before receiving a request to meet new five day retrieval deadlines.

Analytics – Search can only retrieve what users know to ask for. Modern indexes support data profiling, content clustering, chronological analysis, social networking and more. Enterprise-wide analytics can come with a relatively high investment in software and infrastructure, which is why many companies apply them selectively to support monitoring and investigations on targeted data collections. A cross-functional working group should define usage scenarios to evaluate the effectiveness of potential analytic investments and their compatibility with the different data sources.

eDiscovery and Investigations

Preservation – Dodd-Frank recognizes that regulatory requests and corporate disclosures frequently result in Shareholder or other litigation. Corporations should evaluate the potential changes to their litigation profile and consider integration of legal hold notification and preservation functionality into their business processes and systems. The implementation of retention expiry is essential to control explosive data growth, but counsel must be able to identify and preserve relevant trade communications or documents against systematic deletion.

Collection – Just as the 2006 Federal Rules of Civil Procedure accelerated the discovery timeline, Dodd-Frank raises the expectation that corporations can access, reconstruct and retrieve all data around specific transactions as well as the decisions that led to them. The overwhelming adoption of Bring Your Own Device (BYOD) policies puts personal mobile devices clearly in the sights of regulators and plaintiffs. The preservation and collection of smartphones can impact custodians and introduces many new privacy complications. Mobile device content can dramatically increase processing and review costs when it is added to collections without a mature process.

Review – Just as the legal community is beginning to adopt predictive coding, Dodd-Frank introduces a vast array of new data sources and formats into shareholder actions and financial matters. The clustering and analytic technologies that enable technology assisted review are generally optimized for office files and email. Corporations should build a data map of their systems and sources to evaluate potential review technology investments against data sources, such as voice, swap records and social media, that have come under the Dodd-Frank umbrella for higher scrutiny. Predictive coding functionality may well still demonstrate a solid return on investment, but the impact of the potential changing composition of collections should be taken into consideration against any additional license fees for these new technologies.

The eDJ Dodd-Frank Perspective

Dodd-Frank certainly represents a challenge for information professionals; one that they can meet by participating in proactive cooperation between business units, IT, Compliance, Records and Legal; and by realizing that the technology to manage data on this higher scale can add value far beyond regulatory compliance. Dodd-Frank was enacted to "reduce risk, increase transparency and promote market integrity within the financial system"[5]. The eDJ Group sees this as a mandate for market participants to invest in mature information governance systems to effectively manage their own, new information requirements.

Recommendations for next-steps include:

- **Bring Transaction Record Keeping Abilities In Line With Regulatory Requirements** - The vast majority of public companies trade some form of derivatives to manage risk and many trade speculatively. These companies must implement the retention systems and processes to meet financial recordkeeping requirements. Transactions do not take place in a vacuum. The company must be able to identify, preserve and retrieve communications and records to reconstruct the entire context of trades. If unable to do this, it will face sanctions and potentially adverse inferences that could be costly.
- **Capture eDiscovery Synergies** – Most public companies are investing in their eDiscovery infrastructure to manage the increasing risk and cost of litigation. Put Dodd-Frank compliance requirements in lock-step with eDiscovery and other information governance plans. Standardized, repeatable processes are essential to manage risk during investigations and litigation. In many, if not most, cases, the eDiscovery infrastructure already in place may be enough to address Dodd-Frank challenges (or require only small, incremental upgrades).
- **Prepare Now For Data Diversity** – A decade ago, financial services firms could simply journal email to meet compliance and eDiscovery obligations. Today, corporations leverage mobile devices, instant messaging, social media and a plethora of other systems to deal with. It is imperative to assess user behavior, usage policies and current systems in light of remote employees, Bring Your Own Device (BYOD), and social media governance.
- **Create Business Intelligence** - The expanded information governance infrastructure to support Dodd-Frank compliance will benefit evolving eDiscovery requirements. However, real-time monitoring of active enterprise content brings companies closer to the promised "Big Data" value. Increased use of dashboards, reports and analytics across disparate platforms and business units will also enhance proactive protection against in appropriate or risky practices, build organizational metrics and contribute to overall business intelligence
- **Integrate Enterprise Systems** - Having an infrastructure that can support broad Information Governance requirements will ultimately help in achieving economies of scale.
- **Automate Expiry** - Defensible deletion will no longer be an optional exercise. With the amount of data and elongated retention periods required by Dodd-Frank, organizations will finally have to get on board with reasoned, technology driven, compliant expiry processes.

5 http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/federalregister051812.pdf

Dodd-Frank Terms

Central Clearing House: such as the Options Clearing Corporation (OCC), which is the world's largest equity derivatives clearing organization, providing central counterparty (CCP) clearing and settlement services to 14 exchanges and platforms for options, financial and commodity futures, security futures and securities lending transactions.

End-user: Section 2(h)(7)(A) of the Commodity Exchange Act (CEA) provides that the clearing requirement of Section 2(h)(1)(A) shall not apply to a swap if one of the counterparties to the swap: "(i) Is not a financial entity; (ii) is using swaps to hedge or mitigate commercial risk; and (iii) notifies the Commission, in a manner set forth by the Commission, how it generally meets its financial obligations associated with entering into non-cleared swaps" (referred to hereinafter as the "end-user exception").

Financial Entity: Includes banks, bank holding companies, Swap/Derivatives Dealers, Major Swap Participants, Insurance Companies, Investment Advisors, Private Investors, Accounting Firms, Hedge Funds, private funds, commodity pools, certain employee benefit plans and persons predominately engaged in the business of banking or in activities that are financial in nature, except depositary institutions with less than $10 billion in total assets.

FINRA: FINRA is the largest independent regulator for all securities firms doing business in the United States. Our chief role is to protect investors by maintaining the fairness of the U.S. capital markets.

Legal Entity Identifier (LEI): A unique number that identifies an entity in the financial market. In effect, a "social security number" system for market participants that resolves who really is behind a transaction. The LEI helps fulfill a mandate from the Dodd-Frank Act to improve market integrity and transparency and is used in record-keeping.

Major Swap Participant (MSP): Any entity that holds a significant position in swaps for any of the major swap categories, whose outstanding swaps create substantial counterparty exposure that could have serious adverse effects on the financial stability of the United States banking system or financial markets. Or a highly leveraged financial entity that is not subject to regulatory capital requirements and that maintains a substantial position in outstanding swaps in any major swap category.

Over-the-Counter Trade (OTC): Any derivative or security traded outside of a formal stock exchange.

Public Company: A company that has issued securities through an initial public offering (IPO) and is traded on at least one stock exchange or in the over the counter market. Although a small percentage of shares may be initially "floated" to the public, the act of becoming a public company allows the market to determine the value of the entire company through daily trading.

Sarbanes-Oxley (SOX): An act passed by U.S. Congress in 2002 to protect investors from the possibility of fraudulent accounting activities by corporations.

Swap Dealer (SD): An entity such as a bank or investment bank that markets swaps and/or derivatives to end users. Swap dealers often hedge their swap positions in futures markets. Alternatively, an entity that declares itself a "Swap/Derivatives Dealer" on CFTC Form 40.

About The eDJ Group

eDJ Group offers unbiased information and pragmatic advice, based on years of experience and proven industry best practices. Whether researching a technology or service solution, conducting an eDiscovery Bootcamp or finding the right expertise to answer your specific questions, eDJ Group is the source for all eDiscovery professionals.

We are committed to helping eDiscovery professionals get the information necessary to excel in their professions, rather than offering legal advice or counsel. We operate with the utmost integrity and commitment to our clients on these guiding principles:

- Independence – All research, reports, advice and services are agnostic and conducted independently without influence by sponsors.
- Highest Ethical standards – All content is honest perspective based on real experience and interactions with thousands of practitioners; detailing both successes and failures without favoritism.
- Pragmatic, Experienced Expertise – All services are conducted by industry experts with decades of experience in eDiscovery and strictly vetted by the eDJ Group founders.

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