

CFTC Letter No. 01-88
December 3, 2001
Interpretation
Division of Trading and Markets

Re: Electronic Storage of Records -- Rule 1.31

Dear:

This is in response to your e-mail message dated October 29, 2001 addressed to Lawrence B. Patent, Associate Chief Counsel of the Division of Trading and Markets ("Division") of the Commodity Futures Trading Commission (the "Commission"). Your message concerns the requirement of Commission Rule 1.31 that an acceptable means of electronic storage of records is one that, among other things, "preserves the records exclusively in a non-rewritable, non-erasable format." You sought clarification of the requirement as applied to storage of records as pdf (the portable document format originated by Adobe Systems Incorporated) files. Your question is as follows:

For example, PDF text is a non-rewritable non-erasable format. However, if I have the original information in a text document and then I transform it to a pdf document, there is the possibility that it could get manipulated in the txt format before it is saved into the pdf format. As such, it is just required that I document how the information was obtained and the process that was used to convert the text information to pdf for storage, so that there is a written documentation of the procedures and then also accountability (as stated in 1.31(b)(3)(ii))?

In any transfer of hard-copy written or printed material to other media, including electronic storage media, it is possible that there will be some alteration of the data, however minor that alteration may be. Even a photograph of a printed page is an imperfect reproduction of the original. And, as you point out, when a document created in one word processing or text editing format is electronically saved in a different format, the process of conversion often requires changes in formatting codes, altered text alignment and appearance, and even substitution of characters. The fact that this type of alteration may take place is part of the reason that the Commission continues to require that original trading cards and customer order tickets be retained in hard-copy form. With respect to other required records, so long as the registrant insures that the information has been retained and carried over from one format to the other with substantial accuracy and integrity, the fact that some level of manipulation occurs as part of the conversion process does not in itself constitute failure to comply with Rule 1.31. Accordingly, we are able to confirm your understanding of the application of the referenced requirement in Rule 1.31 to storage of records in pdf format.

You may reply to this e-mail message if you have additional questions.

Sincerely,

Christopher W. Cummings
Staff Attorney
Division of Trading and
Markets