



**U.S. COMMODITY FUTURES TRADING COMMISSION**

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Market Participants  
Division

Amanda L. Olear  
Acting Director

January 5, 2022

Ms. Angie Ng, Executive Director  
Morgan Stanley Capital Group (Singapore) Pte.  
16-01 Capital Square  
23 Church Street,  
Singapore 049481

Mr. Brian Doyle, Managing Director  
Goldman Sachs & Co. LLC  
200 West Street  
New York, NY 10282

**Re: No-Action Relief for Morgan Stanley Capital Group (Singapore) Pte. and J. ARON & COMPANY (SINGAPORE) PTE. to File Annual Financial Reports in Accordance with Singapore Financial Reporting Standards**

Dear Ms. Ng and Mr. Doyle:

This is in response to your joint letter dated December 15, 2021, to the Market Participants Division (“Division”) of the Commodity Futures Trading Commission (“Commission”). You request on behalf of Morgan Stanley Capital Group (Singapore) Pte. and J. ARON & COMPANY (SINGAPORE) PTE. (collectively the “Singapore Swap Dealers”), both provisionally registered swap dealers (“SDs”), relief for the Singapore Swap Dealers to prepare their annual audited financial reports required by Regulation 23.105(e) in accordance with Singapore Financial Reporting Standards (“SFRS”) in lieu of generally accepted accounting principles as adopted in the U.S. (“U.S. GAAP”).<sup>1</sup>

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<sup>1</sup> 17 CFR. 23.105(e). Commission regulations are found at 17 CFR Ch. I, and are available at the Commission’s website: [www.cftc.gov](http://www.cftc.gov).

### Regulatory Background

Regulations 23.105(d) and (e)<sup>2</sup> require SDs that are not subject to a prudential regulator (“nonbank SDs”) to file monthly unaudited financial reports and annual audited financial reports, respectively, with the Commission and with a registered futures association.<sup>3</sup> The monthly financial reports and annual financial reports are required to be prepared in accordance with U.S. GAAP, except that a nonbank SD that does not otherwise prepare financial reports in accordance with U.S. GAAP, may instead file reports compliant with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. You have represented that the Singapore Swap Dealers will file with the Commission and NFA monthly unaudited financial reports that are prepared in accordance with U.S. GAAP.

### No-Action Request

You request relief from the requirements of Regulation 23.105(e) for nonbank SDs to prepare annual audited financial reports in accordance with U.S. GAAP or IFRS, if not otherwise required to prepare financial reports in accordance with U.S. GAAP. Specifically, you request confirmation that the Division will not recommend an enforcement action to the Commission if the Singapore Swap Dealers file with the Commission and NFA annual audited financial reports that contain all of the financial statements and footnote disclosures required by Regulation 23.105(e) prepared in accordance with SFRS in lieu of U.S. GAAP, with two exceptions.<sup>4</sup>

In support of your request, you state that the Singapore Swap Dealers are required to file annual statements of financial condition with the Singapore Accounting and Corporate Regulatory Authority (“SACRA”) prepared in accordance with SFRS. You note that Regulation 23.105(e) permits certain nonbank SDs to file annual audited financial reports prepared in accordance with IFRS in lieu of U.S. GAAP, and you represent that SFRS is similar to IFRS. In this regard, you state that the Singapore Swap Dealers believe that, based on their current and foreseeable future business activities, their annual audited financial reports prepared in accordance with SFRS would be the same as if they were prepared under IFRS.

In further support of your request, you state that the Singapore Swap Dealers will provide the Commission and NFA with a reconciliation between the December monthly unaudited financial reports prepared in accordance with U.S. GAAP and the annual audited financial reports prepared in accordance with SFRS along with their annual audited financial reports filed with the Commission and NFA. You also represent that the Singapore Swap Dealers will notify

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<sup>2</sup> 17 CFR 23.105(d) and 17 CFR 23.105(e).

<sup>3</sup> The National Futures Association (“NFA”) is currently the only registered futures association registered with the Commission pursuant to Section 19 of the Commodity Exchange Act (“CEA”), 7 U.S.C. § 1a *et. seq.*

<sup>4</sup> The first exception concerns Regulation 23.105(e)(4)(ii), which requires, among other statements, a statement of changes in liabilities subordinated to claims of general creditors. The second exception concerns Regulation 23.105(e)(4)(iv), which requires each nonbank SD’s annual audited financial report to include a statement demonstrating its compliance with and calculation of the applicable regulatory capital requirement under Regulation 23.101. The Singapore Swap Dealers will prepare these two statements in accordance with U.S. GAAP and file them with the Commission and NFA as part of their respective annual audited financial reports.

the Commission if there are any substantial differences between SFRS and IFRS that would result in material differences to their annual audited financial reporting.

Market Participant Division No-Action Position

Based on the facts and representations set forth in your letter and those recited above, and in accordance with Regulation 140.99, the Division will not recommend enforcement action to the Commission under Regulation 23.105(e) if a Singapore Swap Dealer files an annual audited financial report with the Commission or NFA prepared in accordance with SFRS in lieu of U.S. GAAP. The Division believes the Singapore Swap Dealers' use of U.S. GAAP for unaudited monthly financial report filings and both the annual audited capital compliance calculation and statement of changes in liabilities subordinated to claims of general creditors provides sufficient assurance of the reliability of the Singapore Swap Dealers' financial information, and further that the representations of the Singapore Swap Dealers as to the equivalence of result for financial information provided under SFRS and IFRS for the remaining audited annual financial statements mitigate any concerns regarding the use of SFRS for the remaining audited annual financial statements. The relief provided by this letter is conditioned on the following:

1. A Singapore Swap Dealer prepares its annual statement demonstrating compliance with, and calculation of, its applicable regulatory capital requirement under Regulation 23.101 as required by Regulation 23.105(e)(4)(iv) in accordance with U.S. GAAP;
2. A Singapore Swap Dealer prepares the annual financial statements required by Regulation 23.105(e)(4)(i) – (iii) in accordance with SFRS; provided, however that the statement of changes in liabilities subordinated to the claims of general creditors required by Regulation 23.105(e)(4)(ii) is prepared in accordance with U.S. GAAP;<sup>5</sup>
3. A Singapore Swap Dealer prepares a reconciliation, if applicable, between the annual audited financial statements required by Regulation 23.105(e)(4)(i) – (iii) that are prepared in accordance with SFRS and the corresponding December monthly unaudited financial statements required by Regulation 23.105(d)(2) that are prepared in accordance with U.S. GAAP. The Singapore Swap Dealer must file the reconciliation with the Commission and with NFA as part of its annual audited financial report; and
4. A Singapore Swap Dealer notifies the Commission if there are any substantial differences between SFRS and IFRS that would result in material differences to its annual audited financial reporting.

This letter and the positions taken herein represent the views of this Division only, and do not necessarily represent the views of the Commission or any other office or division of the Commission. The relief issued by this letter does not excuse persons relying on it from

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<sup>5</sup> For clarity, the other statements required by Regulation 23.105(e)(4)(ii) include the following: (i) Statement of Financial Condition; (ii) Statement of Income/Loss; (iii) Statement of Cash Flows; (iv) Statement of Statement of Owner's Equity; and, (v) Appropriate Footnote Disclosures.

compliance with any other applicable requirements contained in the CEA or in Commission regulations. Further, this letter, and the positions contained herein, are based upon the facts and circumstances presented to the Division. Any different, changed, or omitted material facts or circumstances might render this letter void.

Finally, as with all staff letters, the Division retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the relief provided herein in its discretion. If you have any questions regarding this letter, please contact Tom Smith, Deputy Director at 202-418-5495 or [tsmith@cftc.gov](mailto:tsmith@cftc.gov), or Joshua Beale, Associate Director, 202-418-5446, or [jbeale@cftc.gov](mailto:jbeale@cftc.gov).

A handwritten signature in cursive script that reads "Amanda L. Olear".

Amanda L. Olear  
Acting Director