

[Securities Regulation Daily Wrap Up, SWAPS—Wells Fargo fined \\$400,000 for inaccurate commodity swaps reports, \(Sept. 27, 2016\)](#)

Securities Regulation Daily Wrap Up

[Click to open document in a browser](#)

By [Kevin Kulling, J.D.](#)

Wells Fargo Bank, N.A. will pay \$400,000 to settle CFTC charges that it failed to comply with its obligations to submit accurate large trader reports (LTRs) for physical commodity swap positions.

The CFTC [announced](#) that it filed and simultaneously settled charges against Wells Fargo in connection with the violations. In addition to the fine, Wells Fargo was ordered to cease and desist from committing further violations of the Commodity Exchange Act and CFTC Regulations.

Reporting violations. Wells Fargo is a provisionally registered Swap Dealer (SD) and is required to submit LTRs in the form and manner determined by the Commission, according to the CFTC. During the period March 1, 2013 through November 13, 2015, the CFTC order said that Wells Fargo submitted inaccurate LTRs that contained multiple errors, including missing data and data presented in a format inconsistent with CFTC requirements. The action violates Section 4s(f)(1)(A) of the Commodity Exchange Act and CFTC Regulations 20.4 and 20.7.

The CFTC [Order](#) recognized the cooperation of Wells Fargo. After receiving its first error message from the Commission in July 2015, Wells Fargo analyzed its past reports, self-disclosed additional issues with its LTRs and made and continues to make modifications to its data processing and reporting systems, the CFTC said.

Essential to surveillance. According to the Order, large trader reporting for physical commodity swaps is essential to the commission's ability to conduct effective surveillance of markets in U.S. physical commodity futures and economically equivalent swaps. Failure to comply with the Commission's reporting specifications "hinders the ability to efficiently process and effectively utilize the critical data." The accuracy of the reports is critical to the CFTC's mission for numerous reasons, including surveillance of the markets to detect disruptions to market integrity, enforcement and calculating statistics that the Commission publishes to enhance market transparency, according to the CFTC.

LitigationEnforcement: CFTCNews CommodityFutures Enforcement Swaps