

## Principal - Annual Recertification FAQs

**Market Participants are required to provide information for the 5 most senior Principals.**

### 1. What is the definition of Principal?

Principal is a defined term in the PJM Tariff. "Principal" shall mean (i) the chief executive officer or senior manager that controls or directs strategy for the Participant, (ii) the chief legal officer or general counsel, (iii) the chief financial officer or senior manager that controls or directs the financial affairs and investments of the Participant, (iv) the chief risk officer or senior manager responsible for managing commodity and derivatives market risks, and (v) the officer or senior manager responsible for or to be responsible for transactions in the applicable PJM Markets. If, due to the Participant's business enterprise, structure or otherwise, the functions attributed to any of such Principals are performed by an individual or entity separate from the Participant (such as a risk management department in an affiliate, or a director or manager at an entity that controls or invests in the Participant), then for that Participant the term Principal shall mean that individual, or the senior officer or manager of that entity, that performs such function.

5.29.2020 | at FERC | by PJM

[Docket No. ER20-1451-000](#)

On May 29, 2020, in Docket No. ER20-1451-000, the Commission accepted PJM and PJM Settlement's revisions to the PJM Tariff and the PJM Operating Agreement to enhance the rules for evaluating and managing credit risk posed by entities seeking to participate or participating in the PJM Markets. The revisions update and enhance PJM's procedures for monitoring and mitigating credit risk in the PJM Markets for the purpose of reducing and better managing the risk of financial defaults.

**Effective:** The revisions are effective as of June 1, 2020, as requested.

[FERC Order](#)

### 2. What is the Principal information used for?

PJM Tariff, Attachment Q requires that all Market Participants provide the names and contact information for its five most senior Principals to conduct our required Know Your Customer (KYC) procedures per the PJM Tariff.

### 3. Do we need to have a principal for each of the 5 categories or just at least one principal from one of the 5 categories?

PJM Tariff, Attachment Q requires all Market Participants to provide information for its five most senior Principals. Market Participants are required to provide the name of a Principal for all five categories. Market Participants should reference the definition of Principal to determine who to provide for each of the five categories of Principals.

### 4. Is Principal information confidential?

Yes, all information provided regarding the Principals will remain confidential and will only be available to PJM employees that require the information.

**5. Is Principal information required for affiliates?**

Tariff, Attachment Q requires Principal information to be provided for every Market Participant. If the Affiliate is a Market Participant, they have to provide the Principal information. If the Affiliate is not a Market Participant, it doesn't have to provide the Principal information.

**6. Why is date of birth for Principals required?**

PJM Tariff, Attachment Q requires that all Market Participants provide the names and contact information for its five most senior Principals to conduct our required Know Your Customer (KYC) procedures which may include background checks per the PJM Tariff. This information will remain confidential.

**7. How many years of history should be provided for previous companies for which the person has held the role of principal?**

Previous experience for the last five years should be provided.