



Problem/Opportunity Statement

ENHANCED KNOW YOUR CUSTOMER (KYC)

PROBLEM / OPPORTUNITY STATEMENT

The PJM Tariff, Attachment Q, includes a definition of Principal which focuses *on the employees of the entity* that perform various functions and oversight of day to day activities. The current definition, however, does not cover other persons or entities that have an ownership interest in or control of the entity. This limits PJM's ability to develop and maintain full market participant profiles for initial and ongoing risk management and in understanding who the ultimate beneficial owners (UBOs) are for each entity. These individuals may pose a higher risk to PJM Markets/Membership notwithstanding any other risk factors that pertain to an affiliated Market Participant.

The current definition of Principal and KYC procedures were first implemented in June, 2020. PJM believes there is an opportunity for the definition to be reevaluated with Stakeholders. Reevaluation of the definition of Principal will allow for PJM to further standardize data collection and allow for PJM to ensure due diligence procedures meet industry standards and associated best practices such as those under the Financial Crimes Enforcement Network (FinCEN).

[PJM Tariff, Section 1. Definitions – “Principal”](#)