

Principal Requirements

Principal details are required from PJM membership Applicants as well as PJM Members. PJM Members are required to provide up to date Principal details during the annual recertification process. PJM Members also have the ability to update Principal details throughout the year for general maintenance updates. The information must be submitted to meet the principal definition in [OATT Section 1.1.Definitions - O - P - Q](#).

Principal Types

"Principal" shall mean

1. All natural persons who Control Corporate Level Strategy for the Participant, which shall include a chief executive officer, managing member (or equivalent positions regardless of title) and members of a board of directors or board of managers
2. The chief legal officer or general counsel (or equivalent position regardless of title)
3. The natural person who Controls the financial affairs and investments of the Participant, which shall include a chief financial officer (or equivalent position regardless of title)
4. The natural person who Controls the Participant's management of commodity and derivatives market risks, which shall include a chief risk officer (or equivalent position regardless of title)
5. The natural person who Controls the Participant's transactions in the applicable PJM Markets (regardless of title)
6. All Beneficial Owners, as defined more fully in the Tariff, including percentage.

Requirement Details for Separation of Duty

Applicants and Members are encouraged to have five (5) unique Principals meeting Principal Types 1 through 5.

- If applicable, Applicants and Members are required to provide Type 6, Beneficial Owner, details including their percentage based on the Definition noted above.
- Applicants and Members are required to provide Type 1 board of directors or board of manager, in addition to natural persons who Control Corporate Level Strategy for the Participant, if applicable.

At a minimum, an entity must have **at least two distinct people** filling the various functional Principal types (i.e. Types 1 to 5) as conditioned and explained further in the chart below which ensures appropriate separation of function and ability to manage risk.

- Types 1, 2 & 6 may hold any other principal type
- Types 3 & 4 may be the same individual
- Type 5 may not hold Type 3 or Type 4
- Type 6 is not considered a functional Principal

The table below lays out the information above in a more visual format indicating which individuals in specific roles may or may not hold another role.

	Type 1	Type 2	Type 3	Type 4	Type 5	Type 6
Type 1	Yes	Yes	Yes	Yes	Yes	Yes
Type 2	Yes	Yes	Yes	Yes	Yes	Yes
Type 3	Yes	Yes	Yes	Yes	NO	Yes
Type 4	Yes	Yes	Yes	Yes	NO	Yes
Type 5	Yes	Yes	NO	NO	Yes	Yes
Type 6	Yes	Yes	Yes	Yes	Yes	Yes

The breakdown of requirements for Non-Publicly Traded Market Participants vs Publicly Traded, Municipal and Cooperative Market Participants are noted below.

Non-Publicly Traded Market Participant Entity Requirements

Principal Type	Provide List of Names*	Background Checks	Government-Issued ID
Beneficial Owner	Yes	Yes	Yes
Member of Board of Directors	Yes	Yes	No***
Other Principal Roles**	Yes	Yes	Yes

* Please use the legal name as it appears on the government-issued identification

** Other Principal roles as set forth in the PJM Tariff

*** PJM may require a copy of a government-issued ID if additional due diligence is deemed necessary

Publicly Traded, Municipal and Cooperative Market Participant Entity Requirements

Principal Type	Provide List of Names*	Background Checks****	Government-Issued ID
Beneficial Owner	Yes	No	No
Member of Board of Directors	Yes	No	No
Other Principal Roles**	Yes	No	No

* Please use the legal name as it appears on the government-issued identification

** Other Principal roles as set forth in the PJM Tariff

**** PJM may require background checks if additional due diligence is deemed necessary

Reference Materials

[KYC Frequently Asked Questions](#)

[PJM Security Protocols for Membership Management Community](#)