



LOS ANGELES
REGIONAL OFFICE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
444 SOUTH FLOWER STREET, SUITE 900
LOS ANGELES, CA 90071

[REDACTED]

[REDACTED]

VIA UPS & EMAIL

[REDACTED]

[REDACTED].com

Re: In the Matter of Certain IAs That Utilize AI [REDACTED]

Dear [REDACTED]

The staff of the United States Securities and Exchange Commission is conducting an investigation relating to the above-referenced matter to determine if violations of the federal securities laws have occurred. In connection with this investigation, the staff requests that [REDACTED] ("you") immediately preserve, and provide us with, the information and documents set forth in Attachment A by [REDACTED]

Please send the materials to:

ENF-CPU (U.S. Securities & Exchange Commission)
Attn: [REDACTED]
14420 ALBEMARLE POINT PL
Suite 102
CHANTILLY, VA 20151-1750

For smaller electronic productions, under 10MB in size, the materials may be e-mailed to the following e-mail address: ENF-CPU@sec.gov.

Please carefully read the attachment, which contains, among other things, important instructions related to the manner of producing documents. In particular, if your client prefers to send us copies of original documents, the staff requests that you scan and produce hard copy documents, as well as electronic documents, in an electronic format consistent with the SEC Data Delivery Standards attached hereto. All electronic documents responsive to the document request, including all metadata, should also be

produced in their native software format. If you have any questions concerning the production of documents in an electronic format, please contact me as soon as possible and in any event before producing documents.

In your cover letter(s) accompanying the production of responsive documents, please enclose a list briefly describing each item you send. The list should state to which paragraph(s) in the attachment each item responds. I will likely have questions regarding your document production. In order to mitigate the chance that I will need to contact you for clarification, please be as specific as possible in any narrative responses and please be forthcoming in explaining any unclear documents/materials. Please also state in the cover letter(s) whether you believe you have met your obligations under the document request by searching carefully and thoroughly for everything called for by the request, and sending it all to us. Correspondence should reference case number, case name and requesting SEC staff member.

Please also provide a courtesy copy/or copy of document production cover letter to [REDACTED]

Please also provide a narrative description describing what was done to identify and collect documents responsive to the request. At a minimum, the narrative should describe:

- who searched for documents;
- who reviewed documents found to determine whether they were responsive;
- which custodians were searched;
- what sources were searched (e.g., computer files, CDs, DVDs, thumb drives, flash drives, online storage media, hard copy files, diaries, datebooks, planners, filing cabinets, storage facilities, home offices, work offices, voice mails, home email, webmail, work email, backup tapes or other media);
- what search terms, if any, were employed to identify responsive documents;
- what firms and/or persons, if any, assisted in analyzing the data collected;
- what third parties, if any, were contacted to obtain responsive documents (e.g., phone companies for phone records, brokerage firms for brokerage records); and
- where the original electronic and hardcopy documents are maintained and by whom.


If the document production contains Bank Secrecy Act materials, please segregate and label those materials within the production.

Please complete a business records certification (a sample of which is enclosed) and return it with the document production.



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Please note that, in any matter in which enforcement action is ultimately deemed to be warranted, the Division of Enforcement will not recommend any settlement to the Commission unless the party wishing to settle certifies, under penalty of perjury, that all documents responsive to Commission subpoenas and formal and informal document requests in this matter have been produced.

This investigation is a non-public, fact-finding inquiry. The investigation does not mean that we have concluded that you or anyone else has violated the law. Also, the investigation does not mean that we have a negative opinion of any person, entity, or security. Enclosed is a copy of the Commission's Form 1661 entitled "Supplemental Information for Regulated Entities Directed to Supply Information Other Than Pursuant to a Commission Subpoena." Form 1661 explains how we may use the information you provide to the Commission and has other important information for you.

If you have any questions or would like to discuss this matter, you may call me at . If you have counsel, please have your counsel contact me instead.

Sincerely,



Enclosures:

Attachment A
SEC Data Delivery Standards
SEC Form 1661
Business Records Certification

ATTACHMENT A [REDACTED]

Certain IAs That Utilize AI [REDACTED]

A. DEFINITIONS

As used in this document request, the words and phrases listed below shall have the following meanings:

1. "[REDACTED]" means the entity doing business under the name [REDACTED]
[REDACTED]
2. "**Person**" means a natural person, firm, association, organization, partnership, business, trust, corporation, bank or any other private or public entity.
3. A "**Representative**" of a Person means any present or former family members, officers, executives, partners, joint-venturers, directors, trustees, employees, consultants, accountants, attorneys, agents, or any other representative acting or purporting to act on behalf of the Person.
4. "**Document**" shall include, but is not limited to, any written, printed, or typed matter including, but not limited to all drafts and copies bearing notations or marks not found in the original, letters and correspondence, interoffice communications, slips, tickets, records, worksheets, financial records, accounting documents, bookkeeping documents, memoranda, reports, manuals, telephone logs, telegrams, facsimiles, messages of any type, telephone messages, voice mails, tape recordings, notices, instructions, minutes, summaries, notes of meetings, file folder markings, and any other organizational indicia, purchase orders, information recorded by photographic process, including microfilm and microfiche, computer printouts, spreadsheets, and other electronically stored information, including but not limited to writings, drawings, graphs, charts, photographs, sound recordings, images, and other data or data compilations that are stored in any medium from which information can be retrieved, obtained, manipulated, or translated.
5. "**Communication**" means any correspondence, contact, discussion, e-mail, instant message, or any other kind of oral or written exchange or transmission of information (in the form of facts, ideas, inquiries, or otherwise) and any response thereto between two or more Persons or entities, including, without limitation, all telephone conversations, face-to-face meetings or conversations, internal or external discussions, or exchanges of a Document or Documents.
6. "**Concerning**" means directly or indirectly, in whole or in part, describing, constituting, evidencing, recording, evaluating, substantiating, concerning, referring to, alluding to, in connection with, commenting on, relating to, regarding, discussing, showing, analyzing or reflecting.

7. An “**Agreement**” means any actual or contemplated (i) written or oral Agreement; (ii) term or provision of such Agreement; or (iii) amendment of any nature or termination of such Agreement. A request for any Agreement among or between specified parties includes a request for all Documents Concerning (i) any actual or contemplated Agreement among or between such parties, whether or not such Agreement included any other Person; (ii) the drafting or negotiation of any such Agreement; (iii) any actual or contemplated demand, request or application for any such Agreement, and any response thereto; and (iv) any actual or contemplated objection or refusal to enter into any such Agreement, and any response thereto.
8. The terms “**Reviewed**” means examined, assessed, considered, analyzed or evaluated.
9. To the extent necessary to bring within the scope of this request any information or Documents that might otherwise be construed to be outside its scope:
 - a. the word “or” means “and/or”;
 - b. the word “and” means “and/or”;
 - c. the functional words “each,” “every” “any” and “all” shall each be deemed to include each of the other functional words;
 - d. the masculine gender includes the female gender and the female gender includes the masculine gender; and
 - e. the singular includes the plural and the plural includes the singular.
10. “**Artificial Intelligence**” or “**AI**” means software programs that utilize deep and machine learning to analyze large amounts of data and define new rules based on connections among data points that are not usually made by humans to learn from the data and connections for making trading decisions. The software programs may autonomously execute trading decisions or may assist staff in making trading decisions.

B. INSTRUCTIONS

1. Unless otherwise specified, the Document request calls for production of the original Documents and all copies and drafts of same. Documents responsive to this request may be in electronic or paper form. Electronic Documents such as email should be produced in accordance with the attached document entitled SEC Data Delivery Standards. All electronic Documents responsive to the Document request, including all metadata, should also be produced in their native software format.
2. For Documents in paper format, you may send the originals, or, if you prefer, you may send copies of the originals. The Commission cannot reimburse you for the copying costs. If you are sending copies, the staff requests that you scan (rather than photocopy) hard copy Documents and produce them in an electronic format consistent with the SEC Data Delivery Standards. Alternatively, you may send us photocopies of the Documents in paper format. If you choose to send copies, you

must secure and retain the originals and store them in a safe place. The staff may later request or require that you produce the originals.

3. Whether you scan or photocopy Documents, the copies must be identical to the originals, including even faint marks or print. Also, please note that if copies of a Document differ in any way, they are considered separate Documents and you must send each one. For example, if you have two copies of the same letter, but only one of them has handwritten notes on it, you must send both the clean copy and the one with notes.
4. In producing a photocopy of an original Document that contains post-it(s), notation flag(s), or other removable markings or attachments which may conceal all or a portion of the markings contained in the original Document, photocopies of the original Document both with and without the relevant post-it(s), notation flag(s), or removable markings or attachments should be produced.
5. Documents should be produced as they are kept in the ordinary course of business or be organized and labeled to correspond with the categories in this request. In that regard, Documents should be produced in a unitized manner, i.e., delineated with staples or paper clips to identify the Document boundaries.
6. Documents should be labeled with sequential numbering (bates-stamped).
7. You must produce all Documents created during, or Concerning, the period **January 1, 2020 to the present (“Request Period”)**, unless otherwise specified.
8. The scope of any given request should not be limited or narrowed based on the fact that it calls for Documents that are responsive to another request.
9. You are not required to produce exact duplicates of any Documents that have been previously produced to the Securities and Exchange Commission staff in connection with this matter. If you are not producing Documents based upon a prior production, please identify the responsive Documents that were previously produced.
10. If the Document production contains Bank Secrecy Act materials, please segregate and label those materials within the production.
11. This request covers all Documents in or subject to your possession, custody or control, including all Documents that are not in your immediate possession but that you have the effective ability to obtain, that are responsive, in whole or in part, to any of the individual requests set forth below. If, for any reason – including a claim of attorney-client privilege – you do not produce something called for by the request, you should submit a list of what you are not producing. The list should be produced as an Excel file and describe each item separately, noting:
 - a. its author(s);

- b. its date;
 - c. its subject matter;
 - d. the name of the Person who has the item now, or the last Person known to have it;
 - e. the names of everyone who ever had the item or a copy of it, and the names of everyone who was told the item's contents;
 - f. the basis upon which you are not producing the responsive Document;
 - g. the specific request in the request to which the Document relates;
 - h. the attorney(s) and the client(s) involved; and
 - i. in the case of the work product doctrine, the litigation for which the Document was prepared in anticipation.
12. If Documents responsive to this request no longer exist because they have been lost, discarded, or otherwise destroyed, you should identify such Documents and give the date on which they were lost, discarded or destroyed.

C. DOCUMENTS TO BE PRODUCED

Disclosures

1. **Disclosures.** All disclosure documents to clients where the use of AI by the Adviser is stated or referred to specifically in the disclosure.

Supervisory Procedures and Controls

2. **Compliance Policies and Procedures.** All written compliance and operational policies and procedures concerning the supervision of all artificial intelligence systems utilized by the Adviser. If any material amendment was made to these policies and procedures during the Request Period, please describe the amendment and when it became effective.

Staffing, Training and Education

3. **Supervised Persons.** A list of the Adviser's supervised persons employed by, or active with, the Adviser during the request period who develop, implement, operate, manage or supervise AI software systems, including the following information for each:
 - a. Title/Position with the Adviser;
 - b. Areas of responsibility, including (if applicable) committees on which the supervised person sits which involve the supervision, monitoring, development or operation of AI software programs;
 - c. Position held with affiliated entities (if applicable);
 - d. Office location (if there are multiple locations), and DBA name the supervised person works under (if applicable); and
 - e. Hire date (if date is prior to the Request Period, it is acceptable to provide only the year).

4. **Compliance Training.** Written guidance the Adviser provided to its employees regarding the compliance program and documents evidencing employee compliance training during the Request Period specifically addressing AI.
5. **Committees.** A list of all board, management or staff committees with specific AI related responsibilities. Include a description of each committee's responsibilities, meeting frequency, and a list of the members of each committee. Please also indicate whether the committees keep written minutes.

Algorithmic Models and Trading Signals (no code should be provided)

6. A written description of all distinct artificial intelligence based algorithmic models developed and implemented by the Adviser to manage client portfolios since inception.
7. A written description of artificial intelligence methods researched, developed and implemented by the Adviser to manage client portfolios since inception (for example, Gradient Boost, Random Forest, etc.) Please describe any comparison performed between different models (e.g., Gradient Boost vs. Random Forest).
8. List of all algorithmic trading signals including a brief description and the algorithmic trading models that use it. For each signal, please list input data sources along with their vendor or, if generated in-house, method of acquisition as well as primary data inputs.
9. List of all adjustments to algorithmic modifications due to data acquisition errors (i.e., web scraping problems) during the Request Period including the date and reason for adjustment.

Data Sources, Use and Profitability

10. List of all data sources utilized by AI systems including:
 - a. item name,
 - b. description,
 - c. source,
 - d. manner of acquisition, and
 - e. related trading or other strategy;
11. List of contracted data source providers utilized by Adviser during the Request Period, list of the "in-house" alternative data sources, and description of how each are obtained and maintained (e.g., web scraping).

Please ensure that when responding to the above request items that only written descriptions, lists, and documents are provided and that no code is provided.