

INSIGHTS

U.S. Futures Exchanges Disciplinary Actions Report - January 2017

February 13, 2017

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NYMEX

NYMEX 15-0087-BC-7

Misc.

Violation of Rule 432 – General Offenses (in part)

In August a non-member firm was alleged to have failed to respond to Exchange staff requests for information related to an investigation. Accordingly, the Business Conduct Committee and Hearing Panel Chair found that the firm failed to answer the charge, admitted the charge, and waived its right to a hearing. In the penalty hearing, the firm was found to have committed the violation. \$50,000 penalty, ten year suspension.

NYMEX 16-0600

Misc.

Violation of Rule 413 – Summary Access Denial Actions (in part)

As part of an ongoing investigation against a member firm, the firm was denied access to Globex for purposes of trading or entering Trading at Settlement orders in any product for sixty days (or longer if extended by the Exchange). The suspension, which was issued and took effect in January 2017, was the result of an investigation into firm traders submitting TAS order messages with intentionally incomplete and inaccurate values in the Sender Location ID fields, which gave the firm queue priority. Once the TAS markets were open and the queue priority had been achieved, the firm then corrected the order messages. After being twice notified of the investigation and further warned against continuing the practice, traders continued to submit knowingly inaccurate and incomplete data.

ICE

2016-036

Pre-Arranged Trades

Violation of Exchange Rule 4.02(2) – Trade Practice Violations

On a single day in March 2016, two individuals, in an effort to realize separate strategies for separate wholly-owned subsidiaries of a single parent company, executed prearranged wash sales with the intent to match opposite the two subsidiaries. Pursuant to settlement offers, the

individuals neither admitted nor denied the violations. \$7,500 penalty for each individual, cease and desist for each individual.

CBOT

CBOT 10-04523-BC-3

Pre-Arranged Trades

Violation of Rule 521 – Requirements for Open Outcry Trades; Rule 539 – Prearranged, Pre-negotiated and Noncompetitive Trades Prohibited (in part); Rule 432 – General Offenses (in part)

On multiple occasions between April 2009 and May 2010 a member broker made trades that, while reported and cleared, were found in an evidentiary hearing to not have been competitively executed via open outcry. \$35,000 penalty, six month suspension from the date the penalty is paid in full.

**If you have any questions about the information contained in this month's report, please contact: [David Perlman](#), [Michael Brooks](#), [Bob Pease](#), [Jennifer Gordon](#) or [Chelsea Carbone](#).