

INSIGHTS

U.S. Futures Exchanges Disciplinary Actions Report: February 2016

March 11, 2016

By: [Michael W. Brooks](#) and [David M. Perlman](#)

Disciplinary Actions ICE FUTURES ICE 2012-038 *Block Trades* Violation of Rule 4.07(c) "" Block Trading. Allegedly, an entity violated ICE Futures U.S. ("IFUS") Rule 4.07(c) by failing to report a 180 lot block trade, that was erroneously submitted to IFUS as a 180 lot exchange for physical transaction, within the 5 minute reporting window for block trades in Russell 2000 Index Mini Futures Contracts. \$25,000 fine. **CME GROUP CME 14-0004-BC** *Misc.* Violation of Rule 432(c) and (g) "" General Offenses (in part). A non-member individual allegedly executed multiple round-turn transactions in various E-Mini S&P Options products on the CME Globex electronic platform for the purpose of transferring \$127,162.50 from the individual's employer's account to the individual's personal account. \$5,000 fine, 2 year suspension. **NYMEX NYMEX 14-0037-BC-1** *EFRP* Violation of Rules 538 "" Exchange for Related Positions; 538. C. Related Position. On August 14, 2014 a non-member entity allegedly entered into an EFRP transaction which did not involve the transfer ownership of the cash commodity underlying the Exchange contract or a by-product, related product, or OTC instrument, between the entity and its counter-parties. Therefore, it was not a bona fide EFRP. \$15,000 fine. **NYMEX 15-0167-BC** *Position Limit* Violation of Rule 562 "" Position Limit Violations. On May 22, 2015, a non-member entity allegedly held a short position of 2,886 June 2015 Henry Hub Natural Gas ("JUN15 NG") Futures contracts, which was 1,886 contracts (188.60%) over the standard expiration month limit which went into effect at the close of business on May 21, 2015 and remained in effect for trade dates May 22, 26, and 27, 2015. \$42,500 fine. **NYMEX 15-0210-BC-1** *EFRP* Violation of Rules 538 "" Exchange for Related Positions; 538. C. Related Position. On October 28, 2014 and October 29, 2014 a member entity allegedly entered into several EFRP transactions which did not involve the transfer ownership of the cash commodity underlying the Exchange contract or a by-product, related product, or OTC instrument, between the entity and its counter-party. Therefore, they were not bona-fide EFRPs. \$20,000 fine. **NYMEX 15-0210-BC-2** *EFRP* Violation of Rules 538 "" Exchange for Related Positions; 538. C. Related Position. On October 28, 2014 and October 29, 2014 a member entity allegedly entered into several EFRP transactions which did not involve the transfer ownership of the cash commodity underlying the Exchange contract or a by-product, related product, or OTC instrument, between the entity and its counter-party. Therefore, they were not bona fide EFRPs. \$20,000 fine. **NYMEX 13-9263-BC-1** *Block Trades* Violation of Rule 526 "" Block Trades. During the time period from June 2013 through March 2014, a non-member entity allegedly executed block trades for customers in various Exchange

contracts that were not reported within the required time limit following execution. \$15,500 fine. **NYMEX 13-9263-BC-2** *Block Trades* Violation of Rule 526 "" Block Trades. During the time period from June 2013 through March 2014, a non-member entity allegedly executed block trades for customers in various Exchange contracts that were not reported within the required time limit following execution. \$34,000 fine. **COMEX COMEX 14-0043-BC** *Position Limit* Violation of Rule 562 "" Position Limit Violations. At the close of business on November 26, 2014, a non-member individual allegedly held a futures equivalent position of 622 short December 2014 Copper Futures ("DEC14 Copper") contracts, which was 222 contracts (55.5%) over the standard expiration month limit in effect for trade dates November 26 and November 28, 2014. On November 28, 2014, the individual liquidated the individual's overage position, resulting in profits of \$250,137.50. \$25,000 fine, \$250,137.50 profit disgorgement. **If you have any questions about the information contained in this month's report, please contact: **David Perlman, Michael Brooks, Bob Pease, Jennifer Lias or Chelsea Carbone.**