

INSIGHTS

U.S. Futures Exchanges Disciplinary Actions Report - May 2016

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NYMEX

NYMEX 15-0150-BC-3 and NYMEX 15-0150-BC-4

EFRP

Violation of Rule 538.C – Exchange for Related Positions – Related Position. On August 15, 2014, September 5, 2014 and September 24, 2014, a non-member entity allegedly executed three non-bona fide Exchange for Related Position (“EFRP”) transactions in various energy products. In addition, on August 4, 2014, a second non-member entity allegedly entered into a non-bona fide EFRP transaction on behalf of two managed customer accounts. Both entities failed to evidence an associated related position for the EFRP transactions, thus rendering the transactions non-bon fide. \$30,000 penalty for the first entity and \$15,000 for the second entity.

NYMEX 15-0073-BC

Spoofing

Violation of Rule 575.A – Disruptive Practices Prohibited. On multiple trade dates during the time period from October 2014 through January 2015, a non-member individual allegedly entered large orders without the intent to trade. Specifically, he entered these large orders to obtain fills on the smaller orders he had placed on the opposite side of the order book. After receiving a fill on his smaller orders, the individual would cancel the resting orders he had entered on the opposite side of the order book within several seconds. \$35,000 penalty and 10 day suspension.

NYMEX 15-0213-BC-2

EFRP

Violation of Rule 538.C – Exchange for Related Positions – Related Position. On January 5, 2015 and March 3, 2015, a non-member entity executed several EFRP transactions in various energy products in which the related position for each transaction was offset to avoid material market risk. These transactions were transitory in nature and therefore non-bona fide. \$35,000 penalty.

NYMEX 15-0315-BC-2

EFRP

Violation of Rule 538.C – Exchange for Related Positions – Related Position. On August 28, 2015, a non-member entity allegedly entered into an Exchange for Risk (“EFR”) transaction in the NYMEX October 2015 Mini Singapore Fuel Oil 380 cst (Platts) Futures contract that did not involve the transfer of ownership of the cash commodity underlying the Exchange contract or a by-product, related product, or OTC instrument, between the entity and its counterparty. Therefore, it was not a bona fide EFRP transaction. \$15,000 penalty.

NYMEX 15-0087-BC-5

EFRP

Violation of Rules 538 – Exchange for Related Positions and 538.C – Related Position. On August 15, 2014, a non-member entity allegedly entered into several EFRP transactions which did not involve the transfer of ownership of the cash commodity underlying the Exchange contract or a by-product, related product, or OTC instrument, between the entity and its counterparty. Therefore, they were not bona fide EFRPs. \$20,000 penalty.

**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](#).