
Settlement of Charges Against Glencore Grain BV

1 message

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Fri, Mar 11, 2016 at 4:48 PM



DISCIPLINARY NOTICE

march 11, 2016

Matter: CASE number 2014-072

SETTLEMENT OF CHARGES AGAINST
glencore grain bv

Exchange Rule:**Exchange Rule 4.04 – Conduct Detrimental to the Exchange**

It shall be a violation of the Rules for any Person to fail to conform to, the Rules or the procedures of the Exchange or the Clearing Organization, or to engage in conduct or practices inconsistent with just and equitable principles of trade or conduct detrimental to the best interests of the Exchange.

Rule 6.19 - Position Limits for Cotton No. 2 Contracts

Subject to the exceptions contained in this Chapter, the maximum net long or net short position which any one (1) Person may hold or control in the Cotton No. 2 Contract is five thousand (5,000) Futures Contracts and Futures Equivalent Contracts in any one (1) month or in all months combined.

Summary:

A subcommittee of the Exchange's Business Conduct Committee determined that Glencore Grain BV ("GGBV") may have violated Exchange Rule 4.04 when, after Exchange Staff had encouraged GGBV to reduce its sizeable position in the July 2014 Cotton No. 2 ("N14 CT") Futures Contract in a manner consistent with an orderly liquidation for the purpose of complying with the 300 lot position limit in effect at the close of business on the day prior to First Notice Day for the N14 CT Contract, GGBV waited until the final 20 minutes of trading to execute a high proportion of their transactions on the day prior to first notice day to reduce its N14 CT position, which may have resulted in a price movement in both the outright N14 CT market and the N14/ Dec 2014 CT spread market.

The subcommittee also determined that GGBV may have violated Exchange Rules 6.19(a) by holding positions that were in excess of the speculative position limit thus violating its single month position limit for N14 CT on May 30, 2014

Penalty:

In accordance with the terms of settlement, in which GGBV neither admitted nor denied the violations of Rules 4.04 or 6.19(a), GGBV paid a monetary penalty of \$200,000 and agreed to cease and desist from violating Rule 4.04 by engaging in similar activity and Rule 6.19(a).

Effective Date: March 11, 2016

FOR MORE INFORMATION

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