
Settlement of Charges Against Bosworth Brokers LLC

1 message

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Fri, Jun 17, 2016 at 4:00 PM



DISCIPLINARY NOTICE

June 17, 2016

CASE NUMBER 2015-014

SETTLEMENT OF CHARGES AGAINST BOSWORTH BROKERS LLC

Exchange Rules:

Rule 6.08(b)(i) - Order Ticket Requirements

Each Person who is a Futures Commission Merchant, an introducing broker or an equivalent foreign intermediary receiving a Customer's or Option Customer's order shall immediately upon receipt thereof prepare a written record of such order in non-erasable ink, including the account identification and order number, and shall record thereon, by time-stamp or other timing device, the date and time to the nearest minute, the order is received, and in addition, for Option Customer's orders the time, to the nearest minute, the order is transmitted for execution...;

Rule 4.07(c) - Block Trading

The parties to a Block Trade shall cause the Transaction to be reported to the Exchange in accordance with such procedure as are determined by the Exchange from time to time.

Rule 21.04 - Power to Compel Testimony and Production of Documents

Compliance staff ... engaged in any investigation of, examination into, or hearing or appeal involving any matter pursuant to the Rules shall have the power to summon any Member, any employee of any Member and any non-member market participant to appear before him or it, to give testimony under oath or in any other manner required by him or it and to produce any documents, books or records. ... If any Member, any employee of any Member, or non-member market participant fails ... to produce any such documents, books or records, such failure shall constitute a violation of this Rule and shall be reported to the Business Conduct Committee for appropriate action.

Rule 4.01 - Duty to Supervise

Every Person shall diligently supervise the Exchange-related activities of such Person's employees and shall be responsible for the acts and omissions of such employees.

Summary:

A subcommittee of the Exchange's Business Conduct Committee determined that Bosworth Brokers LLC ("Bosworth") may have violated Exchange Rule 6.08(b)(i) in multiple instances in which it failed to comply with the recordkeeping requirements associated with handling customer orders; Rule 4.07(c) in multiple instances in which it misreported the correct execution time of block trades and submitted a block trade to the Exchange beyond the 15-minute reporting period; and Rule 4.01 in which it failed to have adequate procedures in place to ensure the correct trade details were reported to the Exchange. In addition, the Business Conduct Committee approved the issuance of a sanction for Exchange Rule 21.04 for Bosworth's late production of documents, books or records requested by Compliance staff engaged in an investigation of a matter pursuant to Disciplinary Rules.

Penalty:

In accordance with the terms of settlement, in which Bosworth neither admitted nor denied the rule violations, Bosworth paid a monetary penalty of \$25,000.00, which was reduced pursuant to a claim of financial hardship, and agreed to cease and desist from future violations of Rules 6.08(b)(i), 4.07(c) and 21.04.

Effective Date: May 24, 2016

FOR MORE INFORMATION

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