

Circular 20/054

Disciplinary Notice: Settlement of Disciplinary Proceedings against Straits Financial Services Pte Ltd (“SFS”)

Category

Membership

Attachments

None

ICE Futures Europe (“the Exchange”) has proceeded with and settled disciplinary measures against Straits Financial Services Pte Ltd (“SFS”) with respect to SFS’ record-keeping requirement practices and monitoring systems and controls when undertaking Block Trades.

Background

On 10 August 2018, the ICE Futures Europe Member Oversight department initiated a Member Review with SFS, focused on their systems and controls when executing Block Trades. In a review of a sample of Block Trades, the Exchange discovered that SFS did not meet adequate standards of record-keeping for trades sampled. Additionally, the Exchange determined that SFS did not have appropriate systems and controls in place to support monitoring of activity executed by brokers at SFS.

Allegations

The Exchange alleged that SFS was in breach of the Rule Sections A. 11.1 (a), (b), (c) and (d), G.16 (e) and Trading Procedure 3.1.4 which state:

A.11.1 *“Without prejudice and in addition to any other specific requirement in these Regulations regarding systems and controls, each Member and non-Member Sponsored Principal shall be responsible for making adequate arrangements, systems and controls to ensure that:*

- (a)** *its internal affairs are organised and controlled in a responsible and effective manner with adequate risk management systems;*
- (b)** *its internal record-keeping is complete, adequate and consistent and compliant with applicable laws, including MiFID II (where applicable);*
- (c)** *all of its Responsible Individuals and Member’s Representatives involved in the conduct of business on the Market are fit and proper, suitable, adequately trained and properly supervised;*
- (d)** *all business conducted on the Market including individual transactions complies with the Member’s and Responsible Individual’s obligations under the Regulations;”*

G.16 (e) *“Members must ensure that all trade and transaction records include such information required by the Exchange which, at a minimum, must include all information under Trading Procedure 3.1.2, in accordance with Rule F.3.*

Trading Procedures

3.1.4 *“Members shall ensure that any telephone line used for the receipt or giving of orders is tape recorded and the recordings kept for a minimum period of seven years, unless the Member can satisfy the Exchange that, given the nature and extent of its business conducted on the Exchange, compliance with these tape recording and storage obligations would be disproportionate and unduly burdensome.”*

The Exchange recommended to the Compliance Officer, in accordance with Rule E.3.7, that disciplinary proceedings be commenced with regard to the alleged breaches.

[View All Circulars](#) / [Subscribe](#) / [Media Inquiries](#)

In accordance with Rule E.4.3A, SFS were given the opportunity to settle disciplinary proceedings at any stage with the Exchange. An agreement was reached and as per the same Rule, any terms of settlement agreed between the Compliance Officer and SFS were to be ratified by the Chair of the Authorisation, Rules and Conduct Committee (“the ARCC”). Following such ratification these terms shall now take effect.

Details of Settlement

The Exchange views that operating in accordance with the Rules at all times is of critical importance. SFS fully co-operated with the Exchange during the course of the investigation. When considering the settlement terms the Exchange takes into account both aggravating and mitigating factors. In agreeing to the settlement terms, the Exchange took note of remedial action taken by SFS in connection with the alleged breaches to ensure ongoing and future compliance with the Exchange’s Rules. The Exchange would like to note that, as part of their systems and controls, Members must have an effective compliance function which provides appropriate oversight of the trading activity of front-office staff.

As a result, both parties agreed a settlement on the following terms:

- In respect of the matters described in this Circular, SFS had not acted in compliance with the Exchange’s Rules specifically Rules A. 11.1 (a), (b), (c) and (d), G.16 (e) and Trading Procedures 3.1.4
- SFS has paid a total settlement amount of £83,333.33. This is inclusive of a discretionary 1/3 discount from £125,000 for early settlement.

Please ensure that the appropriate members of staff within your organisation and customers are advised of the content of this Circular.

Signed:



Laurence Walton
Head of Regulation and Compliance

For more information, please contact:

ICE Futures Europe Compliance Department
+44 (0)20 7065 7797
compliance-europe@theice.com

[View All Circulars](#) / [Subscribe](#) / [Media Inquiries](#)