

# DISCIPLINARY NOTICE

June 20, 2017

CASE NUMBER 2016-069

## SETTLEMENT OF CHARGES AGAINST ED&F MAN CAPITAL MARKETS, INC.

### Exchange Rules:

#### Rule 4.07(d) - Block Trading

A Clearing Member carrying an account for which a Block Trade is executed is responsible for exercising due diligence to determine that the requirements of paragraph (a)(i) of [Exchange Rule 4.07] are satisfied.

#### Rule 6.07(a)(ii) - General Records Requirements

Every Person shall in accordance with the rules and regulations of, and in such manner and form at such times as may be prescribed by, the CFTC keep full, complete, and systematic records (including all pertinent data and memoranda) of all transactions relating to its business of dealing in commodity interests and related cash or forward transactions, which shall include all orders (filled, unfilled, or canceled), signature cards, street books, journals, ledgers, wire transfer records, canceled checks, copies of confirmations, copies of statements of purchase and sale, and all other records, which have been prepared in the course of its business of dealing in Commodity Contracts and related cash or forward transactions.

### Summary:

A subcommittee of the Exchange's Business Conduct Committee determined that, between November 1, 2015 and August 31, 2016, ED&F Man Capital Markets, Inc. ("ED&F Man") may have violated Exchange Rule 4.07(d) by failing to perform the due diligence necessary to ensure that a client account that executed Block Trades was an eligible contract participant (as defined in Section 1a(18) of the Commodity Exchange Act), and Exchange 6.07(a)(ii) by failing to properly denote Block Trades on its clients' account statements.

### Penalty:

In accordance with the terms of settlement, in which ED&F Man neither admitted nor denied the rules violations, ED&F Man paid a monetary penalty of \$100,000.00, agreed to demonstrate they have implemented procedures to verify eligible contract participant status before permissioning accounts for Block Trades, and agreed to cease and desist from future violations of Exchange Rules 4.07(d) and 6.07(a)(ii).

**Effective Date:** June 16, 2017



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### FOR MORE INFORMATION

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