

DISCIPLINARY NOTICE

SEPTEMBER 17, 2018

CASE NO. 2017-052: SETTLEMENT OF CHARGES AGAINST GFI SECURITIES 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 6.07(b) - General Records Requirements

Except as provided in subparagraph (c) of this rule or in an alternative compliance schedule approved under Commission Regulations, all Members, all non-members registered with the Commission as futures commission merchants and all non-members registered with the Commission as introducing brokers shall record and maintain all oral and written communications provided or received concerning quotes, solicitations, bids, offers, instructions, trading, and prices that lead to the execution of a transaction involving Exchange Futures or Options Contracts and related Cash Commodity or forward transactions, whether communicated by telephone, voicemail, facsimile, instant messaging, chat rooms, electronic mail, mobile device or other digital or electronic media.

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.

ICE Futures U.S. Block Trade – FAQ #13 – Either party, or broker, may report a block trade. The party or broker submitting the block trade to the Exchange is responsible for reporting the time of execution (the time the parties agreed to the block transaction).

ICE Futures U.S. Block Trade – FAQ #9 – Block trades in the [Energy Futures and Options] contracts must be reported no later than 15 minutes of execution.

[View All Notices](#) / [Contact Us](#) / [Media Inquiries](#)

Rule 4.02(i) - Block Trading

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to disclose or divulge the buy or sell order of another Person [. . .].

ICE Futures U.S. Block Trade – FAQ #22 – A broker negotiating a potential block trade for a customer may, with the customer’s consent, disclose the customer’s identity and whether the negotiation of the trade has ended, to one or more of the parties involved in negotiating the block trade. Parties involved in the solicitation or negotiation of a block trade may not disclose the terms of a block trade to non-involved parties prior to the block trade being publicly reported by the Exchange.

Rule 4.01 - Rule 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, in multiple instances, GFI Securities (“GFI”) may have violated Exchange Rules 6.08(b)(i) in which it failed to comply with the recordkeeping requirements associated with handling customer orders; 6.07(b) in which it failed to record and maintain all written and/or oral communications that led to the execution of consummated block trades; 4.07(c) in which it misreported the correct execution time of block trades and submitted block trades to the Exchange beyond the 15-minute reporting period; 4.02(i) in which one of its former brokers inadvertently disclosed the identity of a customer who placed an order; and 4.01 in which it failed to adequately supervise its brokers’ block trade activity.

PRODUCTS

AB NIT Basis Future
Option on Henry Penultimate Fixed Price Future
Option on PJM Western Hub Real-Time Peak (800MWh) Fixed Price Future
EP San Juan Basis Future
Malin Basis Future
HSC Basis Future
Michon Basis Future
PG&E Citygate Basis Future

PENALTY

In accordance with the terms of settlement, in which GFI neither admitted nor denied the rule violation, GFI paid a fine in the amount of \$42,500.00 and agreed to cease and desist from future violations of Rules 6.08(b)(i); 6.07(b); 4.07(c); and 4.02(i).

[View All Notices](#) / [Contact Us](#) / [Media Inquiries](#)



EFFECTIVE DATE

September 17, 2018

FOR MORE INFORMATION

Jason Fusco

jason.fusco@theice.com

(212) 748-4021

-or-

Frances M. Mendieta

frances.mendieta@theice.com

(312) 836-6748

[View All Notices](#) / [Contact Us](#) / [Media Inquiries](#)

© 2018 Intercontinental Exchange, Inc. The following are trademarks of Intercontinental Exchange, Inc. and/or its affiliated companies: Intercontinental Exchange, ICE, New York Stock Exchange and NYSE. For more information regarding trademarks owned by Intercontinental Exchange, Inc. and/or its affiliated companies see: intercontinentalexchange.com/terms-of-use

Key Information Documents for certain products covered by the EU Packaged Retail and Insurance-based Investment Products Regulation can be accessed on the relevant exchange website under the heading "Key information Documents (KIDS)," commencing January 1, 2018.