

Disciplinary Notice

Case No. 2018-029: Settlement of Charges Against Oil Brokerage Limited

Exchange Rules

Rule 4.07(b) - Block Trading

Block Trades may be executed in Exchange Futures and Options Contracts as determined by the Board and must meet the applicable minimum thresholds for such contracts as determined by the Board from time to time.

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(a) - General Record Requirements

Each Person shall in accordance with the rules and regulations of, and in such manner and form and at such times as may be prescribed by, the CFTC (i) maintain all documents on which Trade information is originally recorded; (ii) 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; and (iii) keep oral and written communications provided or received concerning quotes, solicitations, bids, offers, instructions, trading, and prices that lead to the execution of a transaction in a Commodity Contract and any related cash or forward transactions (but not oral communications that lead solely to the execution of a related cash or forward transaction), whether transmitted 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.

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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.

Rule 4.02(i) - Trade Practice Violations

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(a) - Duty to Supervise

Every Person shall diligently supervise the Exchange-related activities of such Person’s employees and agents. For purposes of this Rule, the term “agent” includes any Exchange-related activities associated with automated trading systems that generate, submit and/or cancel messages without human intervention. Every Person shall also be responsible for the acts and omissions of such employees and agents.

Summary

A subcommittee of the Exchange’s Business Conduct Committee (“BCC Subcommittee”) determined that in various instances between August 2018 and December 2018, Oil Brokerage Limited (“Oil Brokerage”) may have violated the following Exchange Rules: Rule 4.07(b) by failing to meet the applicable minimum quantity threshold for block trades in certain energy contracts; Rule 6.08(b)(i) by failing to comply with order ticket requirements; Rule 6.07(a) by failing to record and maintain all written and/or oral communications that led to the execution of a consummated block trade; Rule 4.07(c) by misreporting the execution time of block trades and submitting block trades beyond the 15-minute reporting window; Rule 4.02(i) by disclosing the identity of customers without first obtaining express consent from them; and Rule 4.01(a) by failing to supervise the Exchange-related activities of its employees.

Products

Propane, Argus Far East Index (AFEI) Future
Propane, Argus Far East Index (AFEI) vs Propane, Argus CIF ARA Future
Propane, Argus Far East Index (AFEI) vs Naphtha C+F Japan Cargoes (Platts) Future

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Propane, Argus Saudi CP Future
Butane, Argus Far East Index (AFEI) Future
Gasoline Diff - RBOB Gasoline 1st Line vs Argus Eurobob Oxy FOB Rotterdam Barge Future
Gasoline Diff - RBOB Gasoline 1st Line vs Argus Eurobob Oxy FOB Rotterdam Barges Mini Future
Gasoline Crack - RBOB Gasoline 1st Line vs Brent 1st Line Future (in bbls)

Penalty

In accordance with the terms of settlement, in which Oil Brokerage neither admitted nor denied the alleged rule violations, Oil Brokerage agreed to pay a monetary penalty of \$70,000.

Effective Date

November 14, 2019

For More Information

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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, 2019.