

DISCIPLINARY NOTICE

AUGUST 21, 2019

CASE NO. 2017-073: SETTLEMENT OF CHARGES AGAINST PHILLIP FERGUSON

EXCHANGE RULES

Rule 4.02(I)(1)(A) - 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 . . . [enter] an order or market message, or cause an order or market message to be entered, with the intent to cancel the order before execution, or modify the order to avoid execution.

Rule 4.02(I)(1)(C) - 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 . . . [enter] an order or market message, or cause an order or market message to be entered, with the intent to disrupt the orderly conduct of trading, the fair execution of transactions or mislead other market participants.

Rule 4.02(I)(2) - 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 . . . knowingly [enter] any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or knowingly [enter], or causing to be entered, bids or offers other than in good faith for the purpose of executing bona fide Transactions.

Rule 4.04 - Conduct Detrimental to the Exchange

It shall be a violation of the Rules for any Person to fail to conform to, the Rules or the procedures of the Exchange or the Clearing Organization, or to engage in conduct or practices inconsistent with just and equitable principles of trade or conduct detrimental to the best interests of the Exchange.

SUMMARY

On numerous occasions between January 2017 and September 2017 (“Relevant Period”), Phillip Ferguson (“Ferguson”), a manual trader, appeared to have placed orders in the orderbook without the intent to trade them. During the Relevant Period, Ferguson engaged in a pattern of placing and layering multiple orders on one side of the orderbook while placing a single order on the opposite side. In each

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instance, Ferguson deleted the layered orders just a few seconds after the execution of his opposing single order. Instead of entering orders with the intent to trade, Ferguson appeared to have layered multiple orders on one side of the orderbook to create false depth, put pressure on the market, and mislead market participants into trading against, or moving the market closer to, his opposing single order. Upon review, a subcommittee of the Exchange's Business Conduct Committee determined that Ferguson may have violated Exchange Rules 4.02(l)(1)(A), 4.02(l)(1)(C), 4.02(l)(2), and 4.04 by engaging in this manner of activity.

PRODUCT

Russell 2000 Futures

PENALTY

In accordance with the terms of settlement, in which Ferguson neither admitted nor denied the alleged rule violations, Ferguson agreed to pay a fine in the amount of \$40,000 and serve a one-month suspension from direct and indirect trading access to all ICE Futures U.S., Inc. electronic trading platforms, including ICE Block. The suspension shall run from August 14, 2019 through and including September 14, 2019.

EFFECTIVE DATE

August 15, 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, 2018.