
DISCIPLINARY NOTICE

SEPTEMBER 17, 2018

CASE NO. 2017-049: SETTLEMENT OF CHARGES AGAINST STEP CONSULTING LLC

EXCHANGE RULES

Rule 4.15(b) - Required Identifications

Orders entered on the ETS must include the unique identification assigned to the Registered Operator. A Registered Operator is prohibited from allowing any other Person or automated trading system to use such unique identification to enter orders on the ETS. A Registered Operator may not enter orders on the ETS using a unique identification that has not been assigned to the Registered Operator.

Trader Identification FAQ

Question 11: How are manual orders, entered by an ATS operator, to be managed?

Answer: Manual orders, entered by an ATS operator, must be entered under a separate ATID from the main ATID under which the algorithm automatically submits orders.

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 . . . ente[r] 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)(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 ente[r] any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or knowingly ente[r], or causing to . . . ente[r], bids or offers other than in good faith for the purpose of executing bona fide Transactions.

SUMMARY

A subcommittee of the Exchange's Business Conduct Committee determined that, between January 2017 and August 2017 ("Relevant Period"), Step Consulting LLC ("Step Consulting") may have violated Exchange Rule 4.15(b) when its traders entered order messages on behalf of an Automated Trading System ("ATS") while simultaneously using the same User IDs to place orders manually; and Exchange

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Rules 4.02(l)(1)(A) and 4.02(l)(2) when, on several occasions during the Relevant Period, Step Consulting entered orders on the Exchange's Electronic Trading System that were not for the purpose of executing transactions, but for the purpose of testing connectivity and confirming its orders would not be rejected on entry based on its risk limits.

PRODUCTS

PJM Western Hub Real-Time Peak Daily Fixed Price Futures
ERCOT North 345V Real-Time Peak Daily Fixed Price Futures
Henry LD1 Fixed Price Futures

PENALTY

In accordance with the terms of settlement, in which Step Consulting neither admitted nor denied the rule violations, Step Consulting paid a fine in the amount of \$22,500.00 and agreed to cease and desist from future violations of Rules 4.15(b), 4.02(l)(1)(A), and 4.02(l)(2).

EFFECTIVE DATE

September 17, 2018

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.