

Disciplinary Notice

Case No. 2020-015: Settlement of Charges Against StoneX Financial Limited

Exchange Rules

Rule 4.37(c)(ii) - Transfer Transactions Not Required to Be Made Competitively

Notwithstanding the requirements of subparagraph (a)(i)(A), the Chief Regulatory Officer or his designee may approve a transfer that results in a change of beneficial ownership in the following circumstances: . . . (ii) transfers made as a result of, a merger, asset purchase, consolidation or similar nonrecurring corporate transaction between two (2) or more entities.

For purposes of this Rule, a change in beneficial ownership shall not be deemed to have occurred with respect to (A) transfers between Firms which are 100% owned by the same Person and (B) transfers between any Person and any entity owned 100% by such Person.

Summary

On October 19, 2021, a subcommittee of the Exchange's Business Conduct Committee determined that in February 2020, StoneX Financial Limited ("StoneX"), acting in its capacity as the receiving Firm,¹ may have violated Exchange Rule 4.37(c)(ii) by transferring positions between customer accounts with different beneficial ownership without first obtaining Exchange approval. StoneX self-reported the violative activity to the Exchange.

Product

Cocoa Futures

Customer Harm

No

Penalty

In accordance with the terms of settlement, in which StoneX neither admitted nor denied the alleged rule violations, StoneX agreed to pay a monetary penalty of \$12,500.

Effective Date

October 19, 2021

For More Information

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¹ In accordance with Rule 4.37, the receiving Firm has the responsibility to assure compliance with the Rule.

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