

DISCIPLINARY NOTICE

FEBRUARY 14, 2018

CASE NO. 2016-077: SETTLEMENT OF CHARGES AGAINST STUART SATULLO

EXCHANGE RULES

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... [e]ngage in any other manipulative or disruptive trading practices prohibited by the Act or by the Commission pursuant to Commission regulation, including, but not limited to:

- (1) Entering an order or market message, or cause an order or market message to be entered, with:
 - (A) The intent to cancel the order before execution, or modify the order to avoid execution;
 - (B) The intent to overload, delay, or disrupt the systems of the Exchange or other market participants;
 - (C) The intent to disrupt the orderly conduct of trading, the fair execution of transactions or mislead other market participants, or
 - (D) Reckless disregard for the adverse impact of the order or market message.
- (2) Knowingly entering any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or knowingly entering, 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

A Subcommittee of the Business Conduct Committee determined that Stuart Satullo ("Satullo") may have violated Exchange Rules 4.02(I)(1)(A), 4.02(I)(1)(C); 4.02(I)(2) and 4.04 when he engaged in a pattern of trading activity between August 2015 and November 2016 in the Cotton No. 2 futures market, when he created numerous order book imbalances by entering an undisclosed volume order showing a small quantity relative to market conditions to buy or sell on one side of the market and much larger fully disclosed orders relative to market conditions on the other side of the market to sell or buy. Once all or

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part of the undisclosed volume order was filled, Satullo would subsequently cancel the large orders.

PRODUCT

Cotton No. 2 Futures

CUSTOMER HARM

No

PENALTY

In accordance with the terms of settlement, in which Satullo neither admitted nor denied the violations of Rules 4.02(l)(1)(A), 4.02(l)(1)(C), 4.02(l)(2) or 4.04, Satullo agreed to: pay a monetary penalty of \$100,000.00; serve a 10 business day suspension from directly or indirectly trading on any ICE Futures U.S. market; cease and desist from violating Rules 4.02(i)(1)(A), 4.02(l)(1)(C), 4.02(l)(2) and 4.04; and cease and desist from engaging in a similar pattern of trading activity.

EFFECTIVE DATE

February 14, 2018

FOR MORE INFORMATION

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-or-

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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.