

DISCIPLINARY NOTICE

DECEMBER 04, 2018

CASE NO. 2017-047: SETTLEMENT OF CHARGES AGAINST UNCIA ENERGY LP - SERIES I

EXCHANGE RULES

Rule 4.02(l)(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(l)(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.

Rule 4.01 - 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 determined that, on several occasions between April 2017 and August 2017 ("Relevant Period"), Uncia Energy LP - Series I ("Uncia") may have violated Exchange Rules 4.02(l)(1)(A) and 4.02(l)(2) when it deployed an semi-automated trading system ("ATS") that entered orders at prices significantly away from the prevailing bid and/or offer and without the intent to execute bona fide Transactions. The BCC Subcommittee additionally determined that, during the Relevant Period, Uncia may have violated Exchange Rule 4.01 by failing to adequately test an ATS prior to its live deployment on the ETS.

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PENALTY

In accordance with the terms of settlement, in which Uncia neither admitted nor denied the rule violations, Uncia paid a fine in the amount of \$37,500 and agreed to cease and desist from future violations of Rules 4.02(l)(1)(A) and 4.02(l)(2).

EFFECTIVE DATE

December 4, 2018

FOR MORE INFORMATION

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