



NYSE LIFFE US NOTICE No. 20/2013

ISSUE DATE: August 29, 2013
EFFECTIVE DATE: September 13, 2013

Summary Fines

Summary

This Notice announces that the Board has authorized the Exchange's Department of Market Regulation to impose summary fines for violation of certain Exchange Rules. Related amendments to Rule 718 are set forth in the Appendix to this Notice.

1 Summary Fines

- 1.1 Pursuant to Rule 718, the Exchange's Board of Directors has authorized the Market Regulation Department (the "Department") to impose summary fines of certain amounts for the violation of Exchange Rules requiring the timely and accurate reporting or submission of information to the Exchange.
- 1.2 The Board also authorized the amendment of Rule 718 to broaden the range of reporting violations that will be subject to the imposition of summary fines, consistent with the practices of other designated contract markets.
- 1.3 CFTC Regulation Section 38.158(e) limits the issuance of a warning letter for violation of the same Exchange Rule by the same party to one per rolling twelve-month period. By being able to impose summary fines, the Exchange's disciplinary processes will be better able to operate in an efficient and expeditious manner.

2 Instances where Summary Fines are Appropriate

- 2.1 The Exchange will levy summary fines against persons subject to the Exchange's jurisdiction for rule violations related to recordkeeping and submission of information to the Exchange. Summary fines will also be used for instances of misuse of identification codes and audit trail violations.

3 Summary Imposition of Fines

- 3.1 The Market Regulation Department will give notice of any fine imposed pursuant to Rule 718.
- 3.2 Such notice shall contain: (i) the violation(s) for which the fine is being imposed; (ii) the date of the violation for which the fine is being imposed; and (iii) the amount of the fine.

3.3 Within 10 days of serving the notice, the Person against whom a summary fine has been imposed must either pay the fine or submit a written request for a Summary Review Panel to convene to review the fine. If no request is made within 10 days of notice being served, the fine becomes final.

4 Text of Amendment

4.1 For convenience, the text of the amendments to Rule 718 are set forth in the attached Appendix.

Members who have questions or seek additional information in respect of this Notice should contact:

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APPENDIX TO NYSE LIFFE US NOTICE 20/2013

718. Summary Imposition of Fines

(a) Violations Eligible for Summary Fines

(1) The Market Regulation Department may summarily impose a fine against a Member or Registered User for failing or other Person subject to the Exchange's jurisdiction for:

(i) failure to make timely payments of original or variation margin, options premiums, fees, cost costs, charges or fines to the Exchange or the Clearing Service Provider;

to make timely and accurate submissions to the Exchange (ii) inaccurate, incomplete, or untimely submission of data, records, notices, reports or other information required by to be submitted to the Exchange or the Rules of the Exchange; and applicable Clearing Service Provider;

(iii) failure to keep any books and records required by the Rules of the Exchange.

(iv) deficiencies related to:

a. large trader reporting;

b. open interest reporting;

c. reporting of long positions eligible for delivery;

d. Block or EFRP trade reporting;

e. User IDs;

f. CTI codes;

g. any type of information submitted to the Exchange or applicable Clearing Service Provider contained in the audit trail.

(2) The Market Regulation Department has the discretion to determine the precise amount of the fine, up to \$10,000, based on factors such as the severity of the infraction, whether the acts were intentional, and the potential the infraction posed to cause harm to other market participants.

(3) Notwithstanding the foregoing, the Market Regulation Department retains the discretion to refer any potential violation to a Review Panel for initiation of disciplinary proceedings.

(b) The Market Regulation Department will give notice of any fine imposed pursuant to this Rule 718 to each Member or Registered User subject thereto. The notice will specify (i) the violations of the Rules of the Exchange for which the fine is being imposed, (ii) the date of the violation for which the fine is being imposed and (iii) the amount of the fine. Within 10 days of serving the notice of fine, the Member or Registered User in question must either pay the fine or submit a written request to ~~the Board~~convene a Summary Review Panel for review of the fine that specifies the basis for the requested review. If the Member or Registered User does not request a review within 10 days of service of the notice of fine, the fine becomes final.

(c) Upon a request for review pursuant to paragraph (b) above, the Chief Regulatory Officer will appoint a Summary Review Panel to promptly hear and consider the request for review. At the hearing, (i) the Member or Registered User that is subject to the fine may appear and present evidence to establish that it did not commit the violation for which the fine was imposed, that the fine imposed is excessive, or both, and (ii) the Market Regulation Department may present evidence to establish that the Member or Registered User committed the violation for which the fine was imposed, that the fine imposed is not excessive, or both. In connection with the hearing to review the summary imposition of fines, the Summary Review Panel will not be bound by any law concerning evidence or procedural matters.

(d) As promptly as reasonably possible following the hearing, the Summary Review Panel will issue a written decision and provide copies of that decision to the Market Regulation Department and the Member or Registered User in question. The written decision shall include

- (i) a description of, and reasons for, the summary action taken;
- (ii) a brief summary of the evidence introduced at the hearing;
- (iii) findings of fact and conclusions; and
- (iv) the affirmation, modification or reversal of the summary action; and.

A decision by a majority of the Summary Review Panel will constitute the decision of the Summary Review Panel. The Summary Review Panel may affirm, modify, increase or decrease any fine imposed pursuant to this Rule 718, subject to the maximum ~~established by the Board pursuant to set forth in~~ paragraph (e) below(2) above. The Summary Review Panel's decision on review of the summary imposition of fines will be the final action of the Exchange and not subject to appeal.

~~(e) — The Board will set the amount of any fines imposed pursuant to this Rule 718, with the maximum fine for each violation not exceeding \$5,000. Summary imposition of fines pursuant to this Rule 718 will not preclude the Exchange from bringing any other action against the Member or Registered User in question.~~