ICE Futures Europe
14 August 2026

Circular 26/121
Disciplinary Notice: Settlement of Disciplinary Proceedings against HSBC Bank PLC

Category
Disciplinary

Attachments
None

ICE Futures Europe (the "Exchange") has proceeded with and settled disciplinary measures against HSBC Bank PLC ("HSBC") following an investigation into suspected disorderly trading in the Three-Month Sonia Index futures market.

Background

On 4 October 2024, the Exchange observed significant and sharp price movements in the Jun27 and Sep27 Three-Month SONIA Index Futures contracts.

An Exchange investigation found that these movements were caused by HSBC erroneously submitting a significant volume of orders in these contracts due to the incorrect configuration of an algorithm used to submit the orders.

The Exchange also found that HSBC did not have adequate pre-trade controls in place to prevent and mitigate the erroneous algorithmic trading activity.

Allegations

The Exchange considered that HSBC breached the following Exchange Rules during the relevant period:

A.11 Systems and Controls
A.11.1 Without prejudice and in addition to any other specific requirement in these Regulations regarding systems and controls, each Member and non-Member Sponsored Principal shall be responsible for making adequate arrangements, systems and controls to ensure that:

> *(a) its internal affairs are organised and controlled in a responsible and effective manner with adequate risk management systems;*
> *(d) all business conducted on the Market including individual transactions complies with the Member's and Responsible Individual's obligations under the Regulations;*

A.11A Systems and Controls for Members that are Investment Firms engaging in Algorithmic Trading
A.11A.1 Without prejudice and in addition to any other specific requirement in these Regulations regarding systems and controls, each Member that is an Investment Firm engaging in Algorithmic Trading shall, in compliance with MiFID II:

> *a) have in place effective systems and risk controls suitable to the business it operates to ensure that its trading systems:*
>> *(ii) are subject to appropriate trading thresholds and limits; and*
>> *(iii) prevent the sending of erroneous orders or the systems otherwise functioning in a way that may create or contribute to a disorderly market;*

E.1.2(a) Conduct in relation to trading
No Member (or other Person Subject to the Regulations) shall in relation to Contracts or Corresponding Contracts entered into, or orders placed, on the Market or otherwise in accordance with the Regulations:
(xiii) disrupt the orderly conduct of trading or the fair execution of transactions;

G.20 Disorderly Trading
It shall be an offence for a Member to engage in disorderly trading whether by high or low ticking, aggressive bidding or offering, or otherwise.

Accordingly, the Exchange commenced disciplinary proceedings pursuant to Exchange Rule E.4.

In accordance with Exchange Rule E.4.3A, HSBC was given the opportunity to settle disciplinary proceedings at any stage with the Exchange. An agreement was reached and, as per the same Exchange Rule, any terms of settlement agreed between the Compliance Officer and HSBC required ratification by the Chair of the Authorisation, Rules and Conduct Committee. Following such ratification these terms shall now take effect.

Details of Settlement

HSBC cooperated with the Exchange throughout the investigation. In agreeing to the settlement terms, the Exchange took into account, amongst other things, HSBC's prompt notification of the matter to the Exchange following the observed price movements, and the prompt remedial steps taken by HSBC in connection with the alleged breaches to ensure future compliance with Exchange Rules.

As a result, the parties agreed a settlement in which HSBC will pay a financial penalty of £94,500, reduced from £135,000 for early settlement.

The Exchange takes seriously any activity which undermines the integrity of its markets and reminds Members that they should have in place effective systems and controls to ensure that algorithmic trading activity is conducted in an orderly manner.

Please ensure that the appropriate members of staff within your organisation are advised of the content of this Disciplinary Notice.

For more information, please contact:

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