

# Disciplinary Notice

## Case No. 2022-025: Settlement of Charges Against BNP Paribas Securities Corp. and BNP Paribas SA

### Exchange Rules

#### 2.12 - Reporting Open Interest to Clearing Organization

Each Clearing Member shall report to the relevant Clearing Organization, on each Exchange Business Day, the open Positions it carries in each Commodity Contract (separately by Customer and proprietary account), including Positions carried for other Clearing Members, in accordance with the Clearing Organization Rules and procedures. The reporting of open Positions in Energy Contracts shall additionally be subject to the requirements of Rule 18.05. On each Exchange Business Day, each Clearing Member shall report to the Clearing Organization any adjustments to be made in the open Positions reported on the previous Business Day, in accordance with the Clearing Organization Rules and procedures. A Clearing Member which has customer or proprietary Positions carried for it by another Clearing Member or by a futures commission merchant which is not a Clearing Member, shall provide to the Clearing Organization such notice and other information as the Clearing Organization may require.

#### 6.15(a) - Reportable Positions and Daily Reports

Clearing Members, Carrying Members and foreign brokers which hold, control, or carry for any Customer a reportable position, as such term is defined by the Act and the Regulations thereunder, shall submit to the Exchange daily reports with respect to such positions containing the information that is required to be reported to the Commission in the same form as prescribed by the Commission, unless otherwise specified by the Exchange.

#### 4.01(a) - 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

On September 20, 2023, a subcommittee of the Exchange's Business Conduct Committee ("BCC") determined that BNP Paribas Securities Corp. ("BNP") may have violated Exchange Rules 2.12 and 6.15(a) by misreporting open interest and large trader positions, respectively, in the Coffee "C" Future ("KC") contract for August 26, 2022. The BCC separately determined that BNP Paribas SA ("BNP SA") may have violated Exchange Rule 6.15(a) by misreporting large trader positions in the KC contract for August 31, 2022. Lastly, the BCC determined that both entities may have violated Exchange Rule 4.01(a) by failing to diligently supervise the Exchange-related activities of its employees related to open interest and large trader reporting.

### Product

Coffee "C" Future

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### **Customer Harm**

No

### **Penalty**

In accordance with the terms of settlement, in which BNP and BNP SA neither admitted nor denied the alleged rule violations, BNP agreed to pay \$10,000 and BNP SA \$5,000 in monetary penalties.

### **Effective Date**

September 20, 2023

### **For more information:**

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