

Disciplinary Notice

Case No. 2022-010: Settlement of Charges Against BNP Paribas Securities Corp.

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(b) - Duty to Supervise

Each Firm shall establish, administer and enforce supervisory systems, policies and procedures, based on the nature and size of its Exchange-related activities, which are reasonably designed to achieve compliance with Exchange Rules.

Summary

On September 20, 2023, a subcommittee of the Exchange's Business Conduct Committee ("BCC") determined that, between April 2021 and November 2022, BNP Paribas Securities Corp. ("BNP") may have violated Exchange Rule 2.12 by misreporting open interest in multiple instances in the Henry Penultimate Future contract and the California Carbon Allowance Vintage 2022 Future contract, and Exchange Rule 6.15(a) by misreporting large trader positions in multiple instances in numerous energy future and option contracts. The BCC separately determined that BNP may have violated Exchange Rule 4.01(b) by failing to establish, administer, and enforce supervisory systems, policies, and procedures that are reasonably designed to ensure compliance with Exchange Rules.

Products

Henry Penultimate Future
California Carbon Allowance Vintage 2022 Future
Various Energy Futures and Options

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Customer Harm

No

Penalty

In accordance with the terms of settlement, in which BNP neither admitted nor denied the alleged rule violations, BNP agreed to pay a monetary penalty of \$200,000.

Effective Date

September 20, 2023

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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, 2019.