

Disciplinary Notice

Case No. 2021-016: Settlement of Charges Against Spectron Energy Asia Pte Ltd

Exchange Rules

4.07(c) - Block Trading

The parties to a Block Trade shall cause the Transaction to be reported to the Exchange in accordance with such procedure as are determined by the Exchange from time to time.

6.08(b)(i) - Order Ticket Requirements

Each Person who is a Futures Commission Merchant, an introducing broker or an equivalent foreign intermediary receiving a Customer's or Option Customer's order shall immediately upon receipt thereof prepare a written record of such order in non-erasable ink, including the account identification and order number, and shall record thereon, by time-stamp or other timing device, the date and time to the nearest minute, the order is received, and in addition, for Option Customer's orders the time, to the nearest minute, the order is transmitted for execution. When transmitting a Customer's or Option Customer's order to the Floor of the Exchange, such Person must transmit the account identification to the Member receiving the order. Corrections or additions to the information recorded on the written record of the order shall be made in a manner that does not obliterate or otherwise make illegible the originally recorded information.

6.07(a)(iii) - General Records Requirements

Each Person shall in accordance with the rules and regulations of, and in such manner and form and at such times as may be prescribed by, the CFTC keep oral and written communications provided or received concerning quotes, solicitations, bids, offers, instructions, trading, and prices that lead to the execution of a transaction in a Commodity Contract and any related cash or forward transactions (but not oral communications that lead solely to the execution of a related cash or forward transaction), whether transmitted by telephone, voicemail, facsimile, instant messaging, chat rooms, electronic mail, mobile device, or other digital or electronic media.

4.07(a)(ii)(A) - Block Trading

Privately negotiated Transactions may be entered into with respect to Commodity Contracts designated by the Exchange for such purpose (hereinafter referred to as "Block Trades"), provided that each buy or sell order underlying a Block Trade must state explicitly that it is to be, or may be, executed by means of a Block Trade.

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

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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 December 12, 2022, a subcommittee of the Exchange's Business Conduct Committee ("BCC") determined that in several instances between January and March 2021 ("Relevant Period"), Spectron Energy Asia Pte Ltd ("Spectron"), may have violated the following Exchange Rules for certain block trades: 4.07(c) by misreporting the execution time and submitting trades beyond the 15-minute reporting window; 6.08(b)(i) by failing to comply with order ticket requirements; 6.07(a)(iii) by failing to comply with general recordkeeping requirements; and 4.07(a)(ii)(A) by failing to meet the Exchange's private negotiation requirement. The BCC further determined that, during the Relevant Period, Spectron may have additionally violated Rule 4.01(a) by failing to diligently supervise the Exchange-related activities of its employees and Rule 4.01(b) by failing to establish, administer, and enforce supervisory systems, policies and procedures, which are reasonably designed to achieve compliance with Exchange Rules.

Products

Various Energy Contracts

Customer Harm

No

Penalty

In accordance with the terms of settlement, in which Spectron neither admitted nor denied the alleged rule violations, Spectron agreed to pay a monetary penalty of \$80,000.

Effective Date

December 12, 2022

For more information:

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