

Disciplinary Notice

Case No. 2022-024: Settlement of Charges Against Wedbush Securities Inc.

Exchange Rules

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.

21.04 - Power to Compel Testimony and Production of Documents

The President, the Board, the Chief Regulatory Officer, the Market Regulation staff, any committee or subcommittee and any panel of any committee or subcommittee, engaged in any investigation of, examination into, or hearing involving any matter pursuant to the Rules shall have the power to summon any Person subject to Rule 4.00(a), to give testimony under oath or in any other manner required by them and to produce any documents, books or records. A Firm so summoned shall appear by a partner, officer or responsible employee fully acquainted with the relevant facts. If any Person subject to Rule 4.00(a) fails to obey any such summons or to give any such testimony, or fails to produce, in part or in full, any such documents, books or records in a timely fashion, or at all, such failure shall constitute a violation of this Rule and shall be reported to the BCC for appropriate action or shall be subject to a summary fine in accordance with Rule 21.02(e).

Summary

On September 20, 2023, a subcommittee of the Exchange's Business Conduct Committee ("BCC") determined that between March and November of 2022, Wedbush Securities Inc. ("Wedbush") may have violated Exchange Rule 6.15(a) by misreporting large trader positions in multiple instances in the option and futures contracts of the Henry LD1 Same Day Fixed Price Future market. The BCC separately determined Wedbush may have violated Exchange Rule 4.01(b) by failing to establish, administer, and enforce effective supervisory systems, policies, and procedures to ensure the accurate reporting of large trader positions to the Exchange and Exchange Rule 21.04 by failing to respond to Exchange inquiries in a timely and sufficient manner.

Products

Henry LD1 Same Day Fixed Price Future
Option on Henry LD1 Same Day Fixed Price Future

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Customer Harm

No

Penalty

In accordance with the terms of settlement, in which Wedbush neither admitted nor denied the alleged rule violations, Wedbush agreed to pay a monetary penalty of \$110,000.

Effective Date

September 20, 2023

For more information:

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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.