

ICE Futures U.S.

May 22, 2025

Advisory: Introducing Brokers and Futures Commission Merchants Due Diligence in Customer Onboarding

The ICE Futures U.S. Market Regulation Department (the “Department”) is issuing this advisory to inform Introducing Brokers (“IBs”) and Futures Commission Merchants (“FCMs”) about the importance of exercising increased caution when onboarding a new individual or company client.

The Department has identified several apparent suspicious actions by certain new clients that IBs and FCMs should beware of when onboarding a client or once an account has been established, including but not limited to:

- use of falsified documents, such as falsified passports and account/bank statements;
- submission of false information and/or attestations;
- representation of entities and individuals that do not exist;
- trading in a manner that results in large swings in profit or losses to an account;
- immediate or prompt requests for fund withdrawals via wire transfer;
- client not communicating with the FCM/IB when asked questions;
- failures to meet margin calls;
- failures to comply with a request for testimony from the Department; and
- impersonation of an individual during an interview with the Department.

To help mitigate these risks, the Department encourages IBs and FCMs to review their client onboarding procedures and enhance their due diligence measures, if necessary, by:

- conducting more comprehensive background checks;
- thoroughly verifying all client documentation (e.g., validity of the provided address, passport or license);
- understanding the client’s reasoning for trading and for what specific markets. (For example, was the new client pitched to open an account or trade an exotic market via a group forum or chat?);
- questioning and vetting the client’s trading experience, specifically in exotic strategies/options;
- monitoring requests to transfer positions of recently opened account(s) to another FCM;
- placing lower trading limits on new clients for a trial period or specifically in exotic markets/options; and
- robust monitoring to detect suspicious activities post-onboarding such as pre-arranged and money pass trading or unusual trading patterns in low-volume or exotic markets.

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FOR MORE INFORMATION

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