

Disciplinary Notice

Case No. 2022-012: Settlement of Charges Against PVM Oil Associates Pte. Ltd. and PVM Oil Associates Ltd.

Exchange Rules

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) - 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: (i) maintain all documents on which Trade information is originally recorded; (ii) keep full, complete, and systematic records (including all pertinent data and memoranda) of all transactions relating to its business of dealing in commodity interests and related cash or forward transactions, which shall include all orders (filled, unfilled, or canceled), signature cards, street books, journals, ledgers, wire transfer records, canceled checks, copies of confirmations, copies of statements of purchase and sale, and all other records, which have been prepared in the course of its business of dealing in Commodity Contracts and related cash or forward transactions; and (iii) 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(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.

4.02(i) - Trade Practice Violations

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to disclose or divulge the buy or sell order of another Person except (1) in furtherance of executing the order, (2) at the request of an authorized representative of the CFTC or (3) pursuant to sub-paragraph (k) of this Rule regarding certain pre-execution communications.

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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

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 in multiple instances between March 2020 and November 2021 ("Relevant Period"), PVM Oil Associates Pte. Ltd. ("PVM Pte.") and PVM Oil Associates Ltd. ("PVM Ltd.") may have violated the following Exchange Rules for certain block trades: 6.08(b)(i) by failing to comply with order ticket requirements; 6.07(a) by failing to comply with general recordkeeping requirements; 4.07(c) by misreporting the execution time and submitting trades beyond the 15-minute reporting window; and 4.02(i) by disclosing the identity of a customer who placed an order without the customer's express consent. The BCC further determined that, during the Relevant Period, both entities may have additionally violated Rule 4.01(a) by failing to diligently supervise the block trade 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 PVM Pte. and PVM Ltd. neither admitted nor denied the alleged rule violations, PVM Pte. agreed to pay \$120,000 and PVM Ltd. \$130,000 in monetary penalties.

Effective Date

September 20, 2023

For more information:

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