

Disciplinary Notice

Case No. 2023-011: Settlement of Charges Against Marex Capital Markets, Inc.

Exchange Rules

4.15(b) - Required Identifications

Orders entered on the ETS must include the unique identification assigned to the Registered Operator. A Registered Operator is prohibited from allowing any other Person or automated trading system to use such unique identification to enter orders on the ETS. A Registered Operator may not enter orders on the ETS using a unique identification that has not been assigned to the Registered Operator.

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.

4.01(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 April 17, 2024, a subcommittee of the Exchange's Business Conduct Committee ("BCC") determined that from July 2022 through May 2023 (the "Relevant Period"), Marex Capital Markets, Inc. ("MCM") may have violated Exchange Rule 4.15(b) in multiple instances by failing to assign a particular customer with its own unique identifications and instead allowing employees to improperly use and share Marex-affiliated identifications with such customer for certain block trades reported to the Exchange. The BCC also determined that, during the Relevant Period, MCM may have violated Exchange Rule 4.07(c) in multiple instances by submitting block trades with incorrect market participant identifications. Lastly, the BCC determined that, during the Relevant Period, MCM may have violated Exchange Rule 4.01(a) by failing to diligently supervise the block trade activities of its employees and Exchange 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

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Customer Harm

No

Penalty

In accordance with the terms of settlement, in which MCM neither admitted nor denied the alleged rule violations, MCM agreed to pay a monetary penalty of \$30,000.

Effective Date

April 17, 2024

Linked To

2023-011 - Marex Financial

2023-011 - Marex Spectron International Limited

For more information:

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