

Disciplinary Notice

Case No. 2023-012: Settlement of Charges Against Raizen Energia SA

Exchange Rules

4.06(b)(iv) - Exchange for Related Position

The accounts involved in the execution of an EFRP Transaction must be (A) independently controlled with different beneficial ownership; or (B) independently controlled accounts of separate legal entities with the same beneficial ownership; or (C) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units.

4.02(c) - 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 execute a wash sale, accommodation Trade, fictitious sale or prearranged 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.

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 March 18, 2022, through September 16, 2022 (the "Relevant Period"), Raizen Energia SA ("Raizen Energia") may have violated Exchange Rule 4.06(b)(iv) multiple times by executing Exchange for Physical transactions ("EFPs") opposite an affiliated entity with common beneficial ownership without demonstrating independent control of the accounts involved in the execution of the EFPs. The Subcommittee further determined that, during the Relevant Period, Raizen Energia may have violated Exchange Rule 4.02(c) multiple times by executing EFPs against the affiliated entity resulting in wash trades. Lastly, the Subcommittee determined that Raizen Energia may have violated Exchange Rule 4.01(a) by failing to diligently supervise the Exchange-related activities of its employees and agents and Exchange Rule 4.01(b) by failing to establish, administer, and/or enforce supervisory systems, policies, and procedures, which are reasonably designed to achieve compliance with Exchange Rules.

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**Product**

Sugar No. 11

Customer Harm

No

Penalty

In accordance with the terms of settlement, in which Raizen Energia neither admitted nor denied the alleged rule violations, Raizen Energia agreed to pay a monetary penalty of \$100,000.

Effective Date

April 19, 2024

Linked To

2023-012 - Raizen Trading SA

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