



Disciplinary Notice

Case No. 2023-024e: Settlement of Charges Against Francois-Xavier Delormel

Exchange Rules

4.36 - Allocation of Trades

It shall be a violation of the Rules for any Person to allocate Trades among accounts except in the sequence in which the orders for such accounts have been received. The sequence of time stamping of orders when received by such Person shall be prima facie evidence of the sequence in which such orders were received. Trades executed for orders received at the same time shall be allocated on an equitable basis among the orders received; provided, however, that all orders received on the Trading Floor after the close on one (1) trading day and prior to the opening on the next trading day shall be considered as received at the same time.

4.02(f) - 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 [p]rearrange the execution of transactions in Exchange products for the purpose of passing or transferring equity between accounts.

4.04 - Conduct Detrimental to the Exchange

It shall be a violation of the Rules for any Person to fail to conform to, the Rules or the procedures of the Exchange or the Clearing Organization, or to engage in conduct or practices inconsistent with just and equitable principles of trade or conduct detrimental to the best interests of the Exchange.

4.00(c) - Compliance with Rules and Orders, Consent to Jurisdiction

It shall be a violation of the Rules for any Person to violate, or fail to comply with, the terms of any agreement with the Exchange or any order or decision of, or any suspension imposed by, the Exchange, the Board or any committee or subcommittee of the Exchange, including, without limitation, any Hearing, Arbitration or Appeals Panel.

Summary

On October 29, 2024, a subcommittee of the Exchange's Business Conduct Committee ("BCC") determined that broker Francois-Xavier Delormel ("Delormel") may have facilitated a spread trade misallocation scheme and a money pass. The misallocation scheme occurred in different Coffee "C" ("KC") and Cocoa Futures spread markets on several days in February 2024 where Delormel, who may have been associated with the owner of a firm ("Firm D"), brokered and executed spreads for Firm D and another firm ("Firm B"). When Delormel allocated the spreads into Firm D's and Firm B's accounts, however, Delormel improperly split the legs of the various spread transactions in a way that financially benefitted Firm D to Firm B's disadvantage. The BCC determined that Delormel's participation in the spread misallocations may have violated Rules 4.36 and 4.04. The money pass, on the other hand, occurred in the March 2024 KC in February 2024 and consisted of Delormel brokering a considerable movement of equity from Firm B's account into Firm D's account. The BCC determined that Delormel may have violated Rules 4.02(f) and 4.04 by facilitating the money pass.

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The BCC separately determined that Delormel may have violated Rule 4.04 for impeding the Exchange's investigation by failing to provide testimony despite the Market Regulation Department's summons and Rule 4.00(c) for failing to comply with the Exchange's decision by failing to pay the summary fine issued against him on August 9, 2024.

Products

Coffee "C" Futures
Coffee "C" Options
Cocoa Futures

Customer Harm

Yes

Penalty

In accordance with the terms of settlement, in which Delormel neither admitted nor denied the alleged rule violations, Delormel agreed to a permanent suspension from direct and indirect trading access to all ICE Futures U.S., Inc. electronic trading platforms, including ICE Block.

Request for Information

In accordance with Rule 4.10(e), Clearing Member Responsibilities, the Market Regulation Department requests that any Clearing Member that clears customer business for ICE Futures U.S. markets that has a customer relationship (directly or indirectly) with Delormel immediately deny his access and contact the Exchange via the email address noted below immediately. Failure to promptly notify the Exchange of such information may result in a violation of Exchange rules.

Effective Date

November 1, 2024

Linked To

2023-024a - Trevor Halliday
2023-024b - Antoine Marquis and T.C.B.C. EURL
2023-024c - Imen Ben Mohamed
2023-024d - Jean-Baptiste Zeller
2023-024g - Victor Baudillon

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, 2022.