

Disciplinary Notice

Case No. 2023-017: Settlement of Charges Against Aspire Commodities LLC

Exchange Rules

Rule 6.20(c) - Position Limits, Conditional Limits and Position Accountability for Energy Contracts and Oil Contracts

A Conditional Limit in the Henry Hub LD1 Fixed Price Future of up to 40,000 contracts net long or short may be granted for the period that spot month position limits are in effect. To be eligible for a Conditional Limit under this Rule, a Person must submit an application, in the form specified by the Exchange, in which the applicant agrees: (i) not to establish, hold or control a position in the corresponding CME/NYMEX Natural Gas Futures contract (CME/NYMEX contract code NG) during the last three days of trading of a contract month while holding a position in the Henry LD1 Fixed Price Future in excess of the contract's spot month position limit; (ii) upon request of the Exchange, to provide information on all positions related to Henry Hub Contracts, and such other information as the Exchange may request; and (iii) to report to the Exchange any position established, whether by trading or otherwise, in the spot month CME/NYMEX Henry Hub Natural Gas Futures contract during the last three days of trading of a contract month, while holding a position in the Henry LD1 Fixed Price Future in excess of such contract's spot month position limit.

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 19, 2024, a subcommittee of the Exchange's Business Conduct Committee ("BCC") determined that Aspire Commodities LLC ("Aspire") may have violated Rule 6.20(c) on December 23, 2022 and May 25, 2023 by inadvertently establishing a position in the spot month NYMEX Henry Hub Natural Gas Future (NG) while holding a position in the spot month Henry LD1 Fixed Price Future (H) that was over the spot month position limit pursuant to a Conditional Limit application. The BCC also found that Aspire may have violated Rule 4.01(a) by failing to diligently supervise the Exchange-related activities of its employees and Rule 4.01(b) by failing to establish, administer, and enforce supervisory systems, policies, and procedures reasonably designed to achieve compliance with Exchange rules.

Product

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Henry LD1 Fixed Price Future

Customer Harm

No

Penalty

In accordance with the terms of settlement, in which Aspire neither admitted nor denied the alleged rule violations, Aspire agreed to pay a monetary penalty of \$50,000 and disgorge \$181,000 in benefits gained.

Effective Date

September 20, 2024

For more information:

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