

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF THE
CBOE FUTURES EXCHANGE LLC

In the Matter of:)	
)	
MNR Executions LLC,)	CFE 19-0005
)	USFI 434/307
Subject.)	
)	

DECISION ACCEPTING OFFER OF SETTLEMENT

This proceeding was instituted by the Business Conduct Committee (“BCC”) of the Cboe Futures Exchange LLC (“CFE”), following an investigation by CFE Regulation. In order to resolve this matter, MNR Executions LLC has submitted a CFE Rule 708 Offer of Settlement for purposes of this proceeding without admitting or denying that a violation of Exchange Rules has been committed. With due regard to the stipulated facts and findings and proposed sanction, the BCC believes it appropriate to accept the Offer of Settlement, summarized below, attached hereto, and made a part of this decision.

Applicable Rule: CFE Rule 414J – ECRPs

Sanction: \$25,000

Effective Date: April 27, 2020

So Ordered for the Committee

April 27, 2020

By:/s/Richard Bruder
Richard Bruder
Chairman
Business Conduct Committee

BEFORE THE BUSINESS CONDUCT COMMITTEE PANEL
OF THE
CBOE FUTURES EXCHANGE, LLC

In the Matter of:)	
)	
)	
MNR Executions LLC,)	File No. CFE 19-0005
)	USFI 434/307
Respondent.)	

OFFER OF SETTLEMENT

In order to resolve proceedings pursuant to the CBOE Futures Exchange, LLC (“CFE” or “Exchange”) Rule 708, Offers of Settlement, Respondent hereby submits this Offer of Settlement in the above captioned matter to the Business Conduct Committee (“BCC”). For purposes of this proceeding only, and without admitting or denying that a violation of Exchange Rules has been committed, Respondent consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, Respondent was a Trading Privilege Holder and market participant on CFE, and therefore, subject to jurisdiction under CFE Rules 308 and 701. MNR Executions LLC ceased operations in February 2019.
2. During all relevant periods herein, CFE Rule 414(j) was in full force and effect, and in relevant part states:

CFE Rule 414(j)¹ Exchange of Contract for Related Position: Each party to an Exchange of Contract for Related Position transaction is obligated to have an Authorized Reporter notify the Exchange of the terms of the transaction after the transaction is agreed upon. This notification must be made in accordance with paragraph (l) below within a Permissible Reporting Period by no later than the Reporting Deadline. All Exchange of Contract for Related Position transactions will be submitted for clearing on the Business Day during which the transaction is fully reported to the Exchange.

3. For reference, CFE Rule 414(e)(ii) Exchange of Contract for Related Position was in full force and effect, as follows:

...an Exchange of Contract for Related Position transaction must be fully reported to the Exchange without delay and by no later than thirty minutes after the transaction is agreed upon (“Reporting Deadline”). The Reporting deadline is measured from the

¹ CFE Rule 414(j) was previously 414(i) until February 25, 2018.

time the transaction is agreed upon to the time that the full report of the transaction is received by the CFE System matching engine.

4. For reference, CFE Rule 414(l) Exchange of Contract for Related Position was in full force and effect, as follows:

Authorized Reporters shall provide notification to the Exchange of Exchange of Contract for Related Position transactions by reporting them to the CFE System in a form and manner prescribed by the Exchange. The CFE System includes a mechanism, in a form and manner provided by the Exchange, for:

- (i) the Authorized Reporter that is the initiator of a notification of an Exchange of Contract for Related Position transaction to enter information regarding the transaction; and
- (ii) the Authorized Reporter for the contra side of the transaction to accept the notification to the Exchange of the transaction as entered by the initiating Authorized Reporter and enter contra side information for the transaction.

The Authorized Reporter that is the initiator of a notification of an Exchange of Contract for Related Position transaction may not cancel or revise the notification after it has been entered into the CFE System while it awaits acceptance by the Authorized Reporter for the contra side of the transaction. The Authorized Reporter that is the initiator of a notification of an Exchange of Contract for Related Position transaction must enter the required information for the transaction into the CFE System and provide the reference ID generated by the CFE System to the Authorized Reporter for the contra side of the transaction promptly enough to allow a reasonable amount of time for the contra side Authorized Reporter to accept the notification to the Exchange of the transaction as entered by the initiating Authorized Reporter and enter contra side information for the transaction within a Permissible Reporting Period by no later than the Reporting Deadline...

5. In summary, CFE Rule 414(j) requires that each party to an Exchange of Contract for Related Position (“ECRP”) transaction is obligated to notify the Exchange of the terms of the ECRP by the Reporting Deadline, in accordance with CFE Rule 414(l). CFE Rule 414(e)(ii) states that the Reporting Deadline is 30 minutes. CFE Rule 414(l) requires that the initiator of an ECRP enter its information promptly or in a reasonable amount of time in order for contra-parties to accept notification and enter its own information no later than the Reporting Deadline.
6. In October 2018, on approximately four occasions, as the Authorized Reporter, MNR was the initiator for the report of ECRPs to the Exchange.
7. On each occasion, MNR did not enter the required information to initiate notification of the transactions into the CFE System until after the 30-minute Reporting Deadline.
8. MNR’s failure to initiate notifications prior to the Reporting Deadline rendered it impossible for the contra-parties to accept notifications and enter its own information prior to the 30-minute Reporting Deadline.

9. The acts, practices and conduct described above constitute a violation of CFE Rule 414(j) in that on approximately four occasions in October 2018, MNR, as initiator of ECRP transactions, failed to notify the Exchange of the terms of the ECRPs in accordance with CFE Rule 414(l).

Sanction: \$25,000 fine

Respondent acknowledges it has read the Offer of Settlement; no promise or inducement of any kind has been made; and, this Offer is voluntary on its part. Respondent acknowledges it shall be bound by all terms, conditions, representations and acknowledgements of this Offer of Settlement. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the Offer of Settlement.

Respondent also understands and acknowledges that the BCC's decision in this matter will become part of its disciplinary record and may be considered in any future disciplinary proceeding. If approved, the BCC Decision and the Offer of Settlement will be publicized on the Exchange website. Finally, Respondent acknowledges that the BCC's decision to accept or reject this Offer is final, and that it may not seek review of the BCC's decision thereof.

Date

By: /s/ MNR Executions LLC _____

MNR Executions LLC