



**MINNEAPOLIS GRAIN EXCHANGE, INC.**

**EXCHANGE DISCIPLINARY ACTION**

**FILE:** 17-I-31

**MARKET PARTICIPANT:** E D & F Man Capital Markets Inc.

**RULES:** **MGEX Rules 2.1.6. Duty To Supervise, 743.00. Prohibition On Accommodation Or Wash Trades, 1404.00. Option Exercise, and 1404.01. Automatic Exercise**

**FINDINGS:** The MGEX Disciplinary Committee (“The Committee”) charged E D & F Man Capital Markets Inc. (“ED&F”) with violating MGEX Rules 1404.00. and 1404.01. for conducting internal exercises and assignments on Hard Red Spring Wheat (“HRSW”) options positions that were not reported to MGEX; therefore, MGEX did not formally exercise the in-the-money options nor assign notices of intent to the appropriate MGEX Clearing Member in accordance with option expiration procedures. Additionally, The Committee charged ED&F with violating MGEX Rules 2.1.6. and 743.00. for entering offsetting orders for purchases and sales of the same month, of the same HRSW futures contract, for customer accounts with the same beneficial ownership, resulting in wash trades. Without admitting or denying the charges, ED&F submitted an offer of settlement. The settlement terms were accepted in satisfaction of the charges.

**DISCIPLINARY ACTION:** \$25,000 Settlement Fine

**CUSTOMER HARM:** No

**BARRABLE:** No

**PRODUCT:** Hard Red Spring Wheat Futures and Options

**FINAL DATE:** January 24, 2019

**EFFECTIVE DATE:** February 8, 2019