



U.S. COMMODITY FUTURES TRADING COMMISSION

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CFTC Orders ICE Futures U.S., Inc. to Pay a \$3 Million Civil Monetary Penalty for Recurring Data Reporting Violations



Washington, DC - The U.S. Commodity Futures Trading Commission (CFTC) today issued an Order filing and simultaneously settling charges against **ICE Futures U.S., Inc.** (ICE), a designated contract market (DCM), for submitting inaccurate and incomplete reports and data to the CFTC over at least a 20-month period, from at least October 2012 through at least May 2014.

According to the CFTC Order, on every reporting day during the period above, ICE submitted reports and data containing errors and omissions, with cumulative inaccuracies totaling in the thousands. The Order further finds that CFTC staff repeatedly notified ICE of the problems with its reports and data and requested that ICE take action to correct the mistakes, but that ICE continued to submit inaccurate reports and data. The Order requires ICE to pay a \$3 million civil monetary penalty and to comply with undertakings aimed at improving its regulatory reporting.

CFTC Director of Enforcement Aitan Goelman commented: "The CFTC cannot carry out its vital mission of protecting market participants and ensuring market integrity without correct and complete reporting by registrants, including DCMs. Today's action makes clear that registrants who fail to meet their reporting obligations will be held accountable and that the CFTC takes a particularly dim view of reporting violations that continue over many months, especially after CFTC staff has repeatedly alerted the registrant in question to the problems in its reporting."

Pursuant to Part 16 of the CFTC Regulations, a DCM is required to submit certain trading and market-related reports and data to the CFTC. In particular, a DCM is required to submit, for each business day, clearing member reports showing certain information for each future or option contract, including, among other things, the quantity of contracts currently open, the quantity of contracts bought and sold throughout the day, and the quantity of delivery notices. A DCM is also required to provide the CFTC with permanent record data relating to trading volume, open contracts, prices, and certain critical dates, and transaction-level trade data and related order information for each futures or options contract.

The Order specifically finds that, beginning in at least October 2012, CFTC staff notified ICE about its data and reporting errors, which included incorrect clearing member reports, permanent record data, and transaction-level trade data. ICE responded that these errors resulted primarily from technology upgrades and data migration projects, and while they affected data provided to the CFTC, they did not affect data published by ICE on its website. ICE further assured CFTC staff that its data-reporting problems would be fixed with the conversion to a new data-reporting format. CFTC staff informed ICE that continuing to report faulty data in the interim was unacceptable. Nevertheless, ICE continued to submit inaccurate and incomplete reports.

Further, ICE did not respond in a timely and satisfactory manner to inquiries from CFTC staff from multiple divisions about these data-reporting issues, including initial inquiries from the Division of Enforcement. Eventually, ICE did cooperate fully with the investigation and took effective corrective actions to address its reporting deficiencies. The CFTC has taken that cooperation and those actions into account in settling this matter.

In addition to imposing the \$3 million civil monetary penalty, the CFTC ordered ICE to comply with undertakings to improve its regulatory reporting. For instance, ICE must create and maintain a new senior position of Chief Data Officer, who will have direct responsibility for systems and procedures relating to regulatory reporting, and ICE must hire and maintain at least three additional quality assurance staff who will be dedicated to regulatory reporting. ICE also must undertake certain data-reconciliation efforts, including reviewing certain prior

data submissions to the CFTC to identify further violations of the charged CFTC Regulations and, beginning 120 days from the date of the Order, endeavoring to reconcile data provided to the CFTC with data published on its website, as well as with other data existing within ICE's systems and its clearing providers' systems. Additionally, ICE must correct any errors or omissions in data provided to the CFTC pursuant to Part 16 of the CFTC Regulations within one week of discovery or notification of the errors or omissions, or, in the event such corrections will take more than a week's time, reporting to the CFTC why additional time will be necessary.

The CFTC Division of Enforcement staff members responsible for this matter are Margaret Aisenbrey, Allison Sizemore, Jeff Le Riche, and Charles Marvine, with assistance from the CFTC Division of Market Oversight staff Kelly Beck, Matthew Hunter, Harry Hild, and Anthony Saldukas and the CFTC Office of Data and Technology staff Regina Sanders, Margie Sweet, Rene Garcia, and Ed Wehner.

Media Contact

Dennis Holden
202-418-5088

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