

UNITED STATES OF AMERICA  
Before the  
COMMODITY FUTURES TRADING COMMISSION

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OFFICE OF PROCEEDINGS  
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In the Matter of

CFTC Docket No: [08-]06

BNP Paribas Commodity  
Futures, Ltd.

ORDER INSTITUTING PROCEEDINGS  
PURSUANT TO SECTIONS 6(c) AND  
6(d) OF THE COMMODITY EXCHANGE  
ACT, AS AMENDED, MAKING  
FINDINGS AND IMPOSING REMEDIAL  
SANCTIONS

Respondent.

I.

The Commodity Futures Trading Commission ("Commission") has reason to believe that BNP Paribas Commodity Futures, Ltd. ("CFL") has violated Sections 17.01 and 17.02 of the Commission's Regulations ("Regulations"), 17 C.F.R. §§ 17.01 and 17.02 (2007). Therefore, the Commission deems it appropriate and in the public interest that a public administrative proceeding be, and hereby is, instituted to determine whether CFL has engaged in the violations as set forth herein and to determine whether any order should be issued imposing remedial sanctions.

II.

In anticipation of the institution of this administrative proceeding, CFL has submitted an Offer of Settlement ("Offer"), which the Commission has determined to accept. Without admitting or denying any of the findings of facts or violations herein, CFL acknowledges service of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, as amended, Making Findings and Imposing Remedial Sanctions ("Order").<sup>1</sup>

<sup>1</sup> CFL consents to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, CFL does not consent to the use of the Offer, or the findings consented to in this Order, as the sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce the terms of this Order. Nor does CFL consent to the use of the Offer or this Order, or the findings consented to in the Offer or this Order, by any other party in any proceeding.

### III.

The Commission finds the following:

#### A. SUMMARY

In the course of compliance with Commission reporting requirements, CFL filed with the Commission a report identifying the controller of an account that had become a reportable large trader account (a "Special Account") when the number of futures contracts held in such account came to exceed a level specified in the Regulations. However, the large trader report filed by CFL misidentified the account controller and used an account reporting number that was not unique in violation of the Commission's reporting rules.

#### B. SETTLING RESPONDENT

**BNP Paribas Commodity Futures, Ltd.** is located at 10 Harewood Avenue, London, England. CFL at all relevant times was a commodity futures broker regulated by the UK Financial Services Authority. During the relevant period, CFL carried customer accounts that traded on U.S. futures markets. CFL has never been registered with the Commission.

#### C. FACTS

On or about September 29, 2005, CFL, pursuant to Commission reporting requirements, submitted to the Commission a report, styled "Identification of Special Accounts Report" on CFTC "Form 102" (the "September Form 102") as required by Regulations 17.01 and 17.02. Form 102 requires, among other things, disclosure by the reporting broker of the name and address of the person who owns or controls a Special Account, and requires that the Special Account be assigned a unique reporting identifier. CFL included such Special Account controller and unique identifier information in the September Form 102.

In December 2005 the Commission made an inquiry to CFL on an unrelated subject. In the course of responding to this inquiry, CFL discovered that it had misidentified the Special Account controller and used a reporting number in the September Form 102 that was not unique. On or about March 6, 2006, CFL submitted a corrected Form 102 that included accurate Special Account controller and unique reporting number information.

As a result of the incorrect information included by CFL in the September Form 102, Commission records concerning the Special Account were inaccurate for a period of over 5 months.

#### D. LEGAL DISCUSSION

Because CFL is a foreign broker carrying accounts trading in U.S. futures markets, it is required by Regulations 17.01 and 17.02 to submit a completed Form 102 to

the Commission within three business days of the first day that an account becomes reportable due to the size of the futures positions in such account. In particular, the Form 102 submitted must include the name and address of the person who owns or controls the account as well as a unique identifier of that account. The failure by CFL to provide timely and accurate account owner and controller identification information and a unique identifier constitutes a violation of Regulations 17.01 and 17.02.

#### IV.

#### OFFER OF SETTLEMENT

CFL has submitted the Offer in which it, without admitting or denying the findings herein

- A. Acknowledges service of this Order;
- B. Admits the jurisdiction of the Commission with respect to all matters set forth in this Order;
- C. Waives: (1) the filing and service of a complaint and notice of hearing; (2) a hearing; (3) all post-hearing procedures; (4) judicial review by any court; (5) any and all objections to the participation by any member of the Commission's staff in consideration of the Offer; (6) any and all claims that it may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2000) and 28 U.S.C. § 2412 (2000), and Part 148 of the Regulations, 17 C.F.R. §§ 148.1, *et seq.*, relating to or arising from this proceeding; and (7) any claim of Double Jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief.
- D. Stipulates that the record upon which this Order is entered shall consist solely of the findings contained in this Order to which CFL has consented.
- E. Consents solely on the basis of the Offer, to the entry of this Order that:
  1. makes findings by the Commission that CFL violated Regulations 17.01 and 17.02, 17 C.F.R. §§ 17.01 and 17.02 (2007);
  2. orders CFL, and its successors and assigns, to cease and desist from violating Regulations 17.01 and 17.02;
  3. orders CFL to pay of a civil monetary penalty in the amount of twenty-five thousand dollars (\$25,000) within ten (10) days of the date of the entry of this Order; and
  4. orders CFL, and its successors and assigns, to comply with its undertaking consented to in the Offer and set forth below in Part VI.C of this Order.

Upon consideration, the Commission has determined to accept CFL's Offer.

V.

**FINDING OF VIOLATIONS**

Based on the foregoing, the Commission finds that CFL violated Regulations 17.01 and 17.02, 17 C.F.R. §§ 17.01 and 17.02 (2007).

VI.

**ORDER**

**Accordingly, IT IS HEREBY ORDERED THAT:**

A. CFL, and its successors and assigns, shall cease and desist from violating Regulations 17.01 and 17.02, 17 C.F.R. §§ 17.01 and 17.02 (2007).

B. CFL shall pay a civil monetary penalty in the amount of twenty-five thousand dollars (\$25,000) within ten (10) days of the date of the entry of this Order. CFL shall pay this penalty by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made by other than electronic funds transfer, the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission  
Division of Enforcement  
ATTN: Marie Bateman – AMZ-300  
DOT/FAA/MMAC  
6500 S. MacArthur Blvd.  
Oklahoma City, OK 73169  
Telephone: 405-954-6569

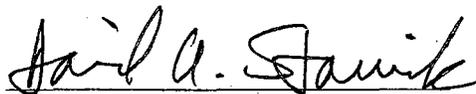
If payment by electronic funds transfer is chosen, CFL shall contact Marie Bateman or her successor at the above address to receive payment instructions and shall fully comply with those instructions. CFL shall accompany payment of the penalty with a cover letter that identifies CFL and the name and docket number of this proceeding. CFL shall simultaneously transmit a copy of the cover letter and the form of payment to: 1) the Director, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Center, 1155 21<sup>st</sup> Street, N.W., Washington, DC 20581, and 2) the Chief, Office of Cooperative Enforcement, Division of Enforcement, Commodity Futures Trading Commission, at the same address. In accordance with Section 6(e)(2) of the Commodity Exchange Act, as amended, 7 U.S.C. § 9a(2)(2001), if this amount is not paid in full within fifteen (15) days of the due date, CFL shall be prohibited automatically from the privileges of all registered entities, and, if registered with the Commission, such registration shall be suspended automatically until it has shown to the satisfaction of the Commission that payment of the full amount of the penalty with interest thereon to the date of the payment has been made:

C. CFL, and its successors and assigns, shall comply with the following undertaking set forth in its Offer:

Public Statements: Neither CFL nor any of its successors, assigns, employees, agents, or representatives shall take any action or make any public statement denying, directly or indirectly, any finding in the Order, or creating, or tending to create, the impression that the Order is without a factual basis; provided, however, that nothing in this provision affects CFL's: (i) testimonial obligations; or (ii) right to take appropriate legal positions in other proceedings to which the Commission is not a party. CFL will undertake all steps necessary to assure that all of its employees, agents, and representatives under its authority and/or control understand and comply with this agreement.

**The provisions of this Order shall be effective on this date.**

By the Commission.



David A. Stawick  
Secretary to the Commission  
Commodity Futures Trading Commission

Dated: March 11, 2008