

DISCIPLINARY NOTICE

OCTOBER 13 SETTLEMENT OF CHARGES AGAINST ARMAJARO ASSET MANAGEMENT, 2015

Matter: CASE number 2013-130

SETTLEMENT OF CHARGES AGAINST ARMAJARO ASSET MANAGEMENT

Exchange Rule:

Rule 6.13(a) - Enforcement of Position Limits and Position Accountability Levels

No Person may for itself or any Customer maintain a combination of Futures Contracts and Futures Equivalent Contracts which is, or which when aggregated in accordance with Rule 6.12 is, in excess of the limits established by this Chapter. For the purpose of the Rules contained in this Chapter:

- (i) the futures equivalent of each Option Contract is the delta ratio published daily by the Exchange;
- (ii) a long Futures Contract, a long Call Option and a short Put Option are on the same side of the market; similarly, a short Futures Contract, a short Call Option and a long Put Option are on the same side of the market;
- (iii) in calculating a Futures Equivalent Contract position, all serial and regular Options for the Underlying Futures Contract shall be combined.

All Persons are responsible for maintaining their position and their Customers' positions within the limits contained in this Chapter on both an intraday and end-of-day basis. If, however, a Person exceeds its position limit on any given Business Day due to changes in the deltas of the Options, or as the result of an Option assignment, the Person holding or controlling such position shall have one (1) Business Day to bring the position within the limits.

Summary:

A subcommittee of the Exchange's Business Conduct Committee determined that on April 8, 2013, Armajaro Asset Management ("Armajaro") may have violated IFUS Rule 6.13(a) by exceeding its Exchange specified position limit in the May 2013 Coffee "C" Futures Contract.

Penalty:

In accordance with the terms of settlement, in which Armajaro neither admitted nor denied the rule violations, Armajaro paid a fine of \$50,000 which includes disgorgement of profits and an additional monetary penalty, and agreed to cease and desist from future violations of IFUS Rule 6.13(a).

Effective Date: September 30, 2015

FOR MORE INFORMATION

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