

**NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE**

FILED
FEB 16 2022
NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:

MAREX SPECTRON
INTERNATIONAL LIMITED
(NFA ID #445699),

Respondent.

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NFA Case No. 22-BCC-002

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association (NFA) and having found reason to believe that NFA Requirements are being, have been, or are about to be violated and that the matter should be adjudicated, NFA's Business Conduct Committee (Committee) issues this Complaint against Marex Spectron International Limited (Marex Spectron).

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Marex Spectron has been registered with the Commodity Futures Trading Commission (CFTC) as an introducing broker (IB) and approved as a Member of NFA. As such, Marex Spectron was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

BACKGROUND

2. Marex Spectron has been an IB Member and approved swap firm since October 2012. The firm is headquartered in London, United Kingdom and currently has

branch offices in the United States and Canada. Marex Spectron also is an authorized firm regulated by the U.K.'s Financial Conduct Authority (FCA).

3. Marex Spectron operates as a block futures broker for institutional customers trading energy and freight products on various exchanges in the U.S. and abroad, including CME Group US, ICE Futures (U.S. and Europe), and the European Energy Exchange. The firm's customers consist mainly of trading firms, institutional banks, and hedge funds located in the U.S. and other countries.
4. NFA commenced its most recent examination of Marex Spectron in September 2020. At the time of the exam, the firm had approximately 100 individuals registered as associated persons (APs) and approved as NFA Associates.
5. However, as alleged in more detail below, NFA's exam found Marex Spectron permitted numerous individuals in a certain division of the firm to act as APs without being registered in such capacity and approved as NFA Associates.

APPLICABLE RULES

6. NFA Bylaw 301(b) provides, in pertinent part, that no person may be associated with a Member of NFA unless the person is registered as an associated person (AP) and an NFA Associate.
7. CFTC Regulation 3.12(h)(1)(iv) provides an exemption from AP registration for an individual who engages in AP activities from a location outside the U.S., its territories or possessions and limits such AP activities to customers located outside the U.S., its territories or possessions.

8. NFA Compliance Rule 2-9(a) requires each Member to diligently supervise its employees and agents in the conduct of their commodity interest activities for or on behalf of the Member.

COUNT I

VIOLATIONS OF NFA BYLAW 301(b): ALLOWING UNREGISTERED INDIVIDUALS TO ACT AS ASSOCIATED PERSONS WITHOUT BEING REGISTERED IN SUCH CAPACITY AND NFA ASSOCIATES.

9. The foregoing paragraphs are realleged as if fully stated herein.
10. Under CFTC Regulation 1.3, in pertinent part, an AP is an individual associated with an IB who engages in the solicitation or acceptance of customer orders (or supervises any individual so engaged).
11. During the 2020 examination, NFA identified 18 individuals employed as brokers of Marex Spectron who were soliciting and/or accepting orders from customers located in the U.S. (hereafter referred to as U.S. customers), without being registered as APs of the firm and NFA Associates.
12. All 18 of the unregistered individuals worked in the firm's London energy division, which had approximately 40 brokers at the time of the 2020 exam.
13. Thirteen of the unregistered individuals had been soliciting and/or accepting orders from U.S. customers for at least two years, while seven of them had been engaging in this activity since October 2012, when the firm became an NFA Member.
14. Because these individuals did not limit their activities to customers located outside of the U.S., its territories or possessions, none of them qualified for an exemption from AP registration under CFTC Regulation 3.12(h)(1)(iv).

15. NFA notified Marex Spectron of the registration deficiency during the exam and in a January 15, 2021 e-mail to the firm's Compliance staff. NFA also included the deficiency as a finding in the exam report issued to Marex Spectron on February 5, 2021.
16. In its February 22, 2021 response to NFA's exam report, Marex Spectron stated the firm would promptly ensure the necessary individuals were appropriately registered and, where feasible, move certain business to already-registered APs.
17. By the end of June 2021, Marex Spectron reported to NFA that eight of the individuals had become registered as APs of the firm and one remained pending registration as an AP. Marex Spectron also indicated four of the individuals had left the firm, while the business that required registration for the remaining individuals had ceased or moved to brokers who were registered APs of the firm.
18. Based on the foregoing, Marex Spectron permitted brokers in its London energy division to act as APs of the firm for a prolonged period without being registered in such capacity and approved as NFA Associates.
19. By reason of the foregoing acts and omissions, Marex Spectron is charged with violating NFA Bylaw 301(b).

COUNT II

VIOLATIONS OF NFA COMPLIANCE RULE 2-9(a): FAILING TO SUPERVISE.

20. The foregoing paragraphs are realleged as if fully stated herein.
21. Under NFA Compliance Rule 2-9(a), Marex Spectron is required to diligently supervise its employees and agents in the conduct of their commodity interest activities for or on behalf of the firm.

22. However, as alleged above, the extent and duration of the firm's AP registration deficiency reveals serious supervisory weaknesses at Marex Spectron.
23. Marex Spectron permitted a violation of NFA Bylaw 301(b) to occur over an extended period by allowing numerous individuals employed as brokers in the firm's London energy division to solicit and accept orders from U.S. customers without being registered APs and NFA Associates.
24. As alleged above, the firm's failure lasted at least two years for many of the unregistered individuals and persisted for more than eight years (*i.e.*, since October 2012) for several of them.
25. The 18 unregistered individuals represented almost half of all the firm's energy brokers in London and – when combined with the eight properly registered brokers – made up a sizable portion of the brokers in the London energy division who were required to be APs and NFA Associates.
26. Furthermore, the fact that Marex Spectron registered eight of the London energy brokers as APs and NFA Associates demonstrates the firm knew the registration requirements existed.
27. As described above, Marex Spectron failed to maintain an adequate supervisory to oversee its employees and agents in the conduct of their commodity interest activities for or on behalf of the firm.
28. By reason of the foregoing acts and omissions, Marex Spectron is charged with violating NFA Compliance Rule 2-9(a).

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty days of the date of the Complaint. The Answer shall respond to each allegation in the Complaint by admitting, denying, or averring that you lack sufficient knowledge or information to admit or deny the allegation. An averment of insufficient knowledge or information may only be made after a diligent effort has been made to ascertain the relevant facts and shall be deemed to be a denial of the pertinent allegation.

The place for filing an Answer shall be:

National Futures Association
300 South Riverside Plaza
Suite 1800
Chicago, Illinois 60606
Attn: Legal Department-Docketing

E-Mail: Docketing@nfa.futures.org

Failure to file an Answer as provided above shall be deemed an admission of the facts and legal conclusions contained in the Complaint. Failure to respond to any allegation shall be deemed an admission of that allegation. Failure to file an Answer as provided above shall be deemed a waiver of hearing.

POTENTIAL PENALTIES, DISQUALIFICATION, AND INELIGIBILITY

At the conclusion of the proceedings conducted in connection with the issuance of this Complaint, NFA may impose one or more of the following penalties:

- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;

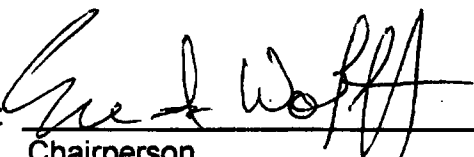
- (d) a monetary fine not to exceed \$500,000 for each violation found; and
- (e) order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.

The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. A respondent in this matter who applies for registration in any new capacity, including as an AP with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to CFTC Regulation 1.63, penalties imposed in connection with this Complaint may temporarily or permanently render a Respondent who is an individual ineligible to serve on disciplinary committees, arbitration panels and governing boards of a self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

**NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE**

Dated: February 16, 2022

By: 
Chairperson

m/cxc/Complaints/Marex Complaint