

NOTICE OF SANCTION

September 28, 2023

VIA ELECTRONIC MAIL

Mr. Joe Kennison
Mr. Philip Llewellyn
Beaufort House
15 St. Botolph Street
London EC3A 7QX

Dear Mr. Kennison and Mr. Llewellyn:

As the Authorized Representative and Compliance Representative of TFS Derivatives Ltd., you are receiving this Notice of Sanction as a result of a trading review conducted into your firm's pre-arranged trade execution procedures. Pursuant to Regulation 37.201(b) of the Commodity Exchange Act ("CEA"), Tradition SEF ("TSEF") must enforce compliance with its Rules. In accordance with CFTC Regulation 37.9(b)(1), TSEF Rule 529(b)(3) requires a 15 second delay between entering the first and second orders of a pre-negotiated required transaction on the TSEF platform, as required under CFTC regulations and TSEF's rulebook.

In reference to NFA Inquiry Letters dated August 15, 2023 and September 6, 2023 TSEF has found that TFS Derivatives Ltd may have violated Rule 529(b)(3) in 8 instances by not exposing the first side of a pre-arranged transaction for the required 15 seconds. The violations relate to the following eight (8) trades:

- Deal ID's - 549300MBO45EHETL4438N0AIR230807030210000007L2 and 549300MBO45EHETL4438N0AIR230807030210000007L1 - Trade Date August 7, 2023
- Deal ID's - 549300MBO45EHETL4438N0AIR230804031010000010L2 and 549300MBO45EHETL4438N0AIR230804031010000010L1 – Trade Date August 4, 2023
- Deal ID's - 549300MBO45EHETL4438N0AIR230804030810000001L2 and 549300MBO45EHETL4438N0AIR230804030810000001L1 – Trade Date August 4, 2023
- Deal ID's - 549300MBO45EHETL4438N0AIR230804030810000004L2 and 549300MBO45EHETL4438N0AIR230804030810000004L1 – Trade Date August 4, 2023
- Deal ID's - 549300MBO45EHETL4438N0AIR230804030810000005L2 and 549300MBO45EHETL4438N0AIR230804030810000005L1 – Trade Date August 4, 2023
- Deal ID - 549300MBO45EHETL4438N0AIR230815030310000001 – Trade Date August 15, 2023
- Deal ID's - 549300MBO45EHETL4438N0AIR230818030210000002L1 and 549300MBO45EHETL4438N0AIR230818030210000002L2 – Trade Date August 18, 2023
- Deal ID - 549300MBO45EHETL4438N0AIR230823030310000001 – Trade Date August 23, 2023

In the above instances, the transactions were pre-negotiated prior to the orders being entered into the Order Book on the TSEF platform. However, the first order was not exposed to the market for the required minimum 15 seconds on the Order Book prior to entry of the matching contra order.

As a result of these findings, TSEF is imposing a sanction in the form of a fine in the amount of \$1,500 on TFS Derivatives Ltd. in accordance with TSEF Rule 615(a)(4). Please remit \$1,500 to TSEF within 30 days of this notice. Please review the payment instructions in order to arrange payment.

Continuation of this conduct may be cause for TSEF to impose further sanctions, including a warning, fines or denial of access, on TFS Derivatives Ltd. This letter does not preclude TSEF from taking enforcement action based upon the conduct described herein. Please note CFTC Regulations prohibit TSEF from issuing more than one warning letter per rolling 12-month period for the same violation.

Please feel free to contact me at william.clarke@tradition.com or Eric Earnhardt at eric.earnhardt@tradition.com if you have any questions.

Sincerely,

William Clarke
SEF Surveillance Officer
Tradition SEF, LLC

CC: Eric Earnhardt, CCO