



THE MANITOBA
SECURITIES
COMMISSION

THE COMMODITY FUTURES ACT)
)
Section 66(1))

Order No. 7497
December 18, 2019

MAREX NORTH AMERICA LLC

WHEREAS:

(A) Marex North America LLC (the "Applicant") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to section 66(1) of the *Commodity Futures Act* (Manitoba) (the "CFA") exempting the Applicant and those individual representatives trading in commodity futures contracts and commodity futures options ("Contracts") under the CFA and acting on its behalf (the "Applicant") from the reporting requirements set forth under section 4.1 of MSC Rule 2000-11 where a dealer relying on the exemption from the registration requirements under clause 34(a) of the CFA must file with the Commission a fully-completed written report in the form of Form 18 within 10 days of the date of the exempt trade (the "Form 18 Relief").

(B) The Applicant has represented to the Commission that:

(1) The Applicant is a limited liability company established under the laws of the State of Delaware, U.S.A. and its principal place of business is New York, New York.

(2) The Applicant is registered as a Futures Commission Merchant with the US Commodity Futures Trading Commission ("US CFTC") and is a member of the US National Futures Association for the purposes of trading in respect of Contracts.

(3) The Applicant is a privately held entity owned directly by Marex Spectron Group Limited ("Marex Spectron"). Marex Spectron is a leading global broker whose primary business is providing clients with access to execution and clearing services in both over-the-counter and exchanged-traded markets for commodity and financial products.

(4) The Applicant is not, and will not be, registered in any capacity under the CFA.

(5) Subject to the matter to which this Order relates, the Applicant is not in default of the provisions of the CFA.

(6) Section 34 of the CFA states that subject to the regulations and the rules registration is not required in respect of a trade in a Contract (a) by a hedger through a dealer; and (b) by a person or company acting solely through an agent that is a registered dealer.

(7) MSC Rule 2000-11 further states that a firm cannot rely on the registration exemption in clause 34(a) of the CFA unless all of the following are correct:

(a) the trade is made on a commodity futures exchange recognized by the Commission under section 36 of the CFA or exempted from the requirement for recognition under section 36 of the CFA;

(b) the dealer through which the trade is effected has insurance in place with respect to the trade that is in all respects at least equivalent to the insurance required by a futures commission merchant under MSC Rule 2000-11;

(c) the dealer through which the trade is effected files with the commission a fully-completed written report in Form 18 within 10 days of the date of the trade; and

(d) the dealer and the hedger for whose benefit the trade was effected both sign the Form 18 report and certify the accuracy of its contents.

(8) On October 17, 2012 the Commission issued an order (the "2012 Order"), pursuant to section 66(1) of the CFA, exempting Rosenthal Collins Group LLC ("RCG") and those individual representatives trading in commodity futures contracts and commodity futures options under the CFA and acting on its behalf from the reporting requirements set forth under section 4.1 of MSC Rule 2000-11 where a dealer relying on the exemption from the registration requirements under clause 34(a) of the CFA must file with the Commission a fully-completed written report in the form of Form 18 within 10 days of the date of the exempt trade.

(9) Prior to February 1, 2019, RCG provided trading services to certain clients domiciled in Manitoba in compliance with the 2012 Order.

(10) At the end of December 2018, Marex Spectron and RCG announced that they had entered into an agreement whereby Marex Spectron would acquire the customer business of RCG. The acquisition including 20,000 client accounts, associated staff, including the Chief Compliance Officer of RCG. Going forward, the acquired business would be known as the Rosenthal Collins Division of the Applicant ("RCG Division") with its headquarters remaining in Chicago, Illinois.

(11) The acquisition of the RCG business was completed on February 1, 2019. With regard to the account transfers of RCG's Manitoba-domiciled clients, these accounts were transferred to the Applicant.

(12) Since February 1, 2019, the Applicant has been providing trading services to certain clients in Manitoba in compliance with the CFA and on the same terms and conditions as set out in the 2012 Order.

(13) The Applicant has advised the Commission that it intends to rely on clause 34(a) of the CFA to transact trades in Contracts listed on a commodity futures exchange recognized by the Commission under section 36 of the CFA, or exempted from the requirement for recognition under section 36 of the CFA, and with those clients that qualify as a "hedger" as that term is defined in the CFA (the "Hedger Clients").

(14) Marex acknowledges that it is not a party to the 2012 Order and that therefore it may not be able to benefit automatically from the exemptive relief granted by the 2012 Order. Accordingly, in the present application, the Applicant is seeking exemptive relief so that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of trading on the Applicant's behalf be exempt from Form 18 Relief subject to the same terms and conditions as were set out in the 2012 Order.

(15) The Form 18 requires disclosure on the Hedging Client's trading activity and requires that the Applicant certify that it has made all necessary inquiries to determine whether the Hedging Client qualifies as a "hedger" as defined in the CFA.

(16) Form 18 requires that additional filings be made with the Commission within 10 days of each additional trade.

(17) The Applicant has submitted that to file the Form 18 every 10 days is unduly onerous given the ongoing and repetitive nature of trading in the Contracts.

(C) Based on the foregoing, the Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

(1) THAT pursuant to section 66(1) of the CFA, the Form 18 Relief is granted in connection with conducting trades in Contracts in respect of Hedging Clients, provided that:

(a) the Applicant remains registered in good standing as a Futures Commission Merchant with the US CFTC;

(b) a fully-completed written report in the form of Form 18 shall be filed with the Commission within 10 days of the date of the first exempt trade for each Hedging Client;

(c) within 30 days following the end of its financial year, the Applicant shall submit to the Commission an annual report in the form of Form 18 under MSC Rule 2000-11 of all trades conducted in reliance on clause 34(a) of the CFA;

(d) the Applicant consents to provide information to the Commission, upon request, with regards to its trading activities conducted on behalf of residents of Manitoba;

(e) the Form 18 Relief shall expire immediately upon the issuance of an order or decision by the Commission that suspends or terminates the ability of the Applicant to rely on the exemption under clause 34 (a) of the CFA or any change in the reporting requirements set out in section 4.1 of MSC Rule 2000-11.

(2) **THAT** the fee for this order is \$650.00.

BY ORDER OF THE COMMISSION



Director