

RULEBOOK OF THE EXCHANGE, 2015
PROPOSED ADDITIONS TO TRADING LICENSE HOLDERS' RULES
CHAPTER 4, SECTION XX: DISCIPLINARY PROCEDURES

Legend: additions underlined, **bolded**

NEW RULE 19.19: SANCTIONS DISCRETION

- (a) **Whenever an infraction occurs or any provision of The Exchange's Rules are breached, The Exchange or its adjudicatory organs may exercise discretion in imposing such lesser sanctions as deemed appropriate, on any party found liable having regard to the circumstances of the case. In such instances The Exchange or its adjudicatory organs shall not be obligated to impose the precise or maximum sanctions provided in the Rules of The Exchange.**
- (b) **The Exchange or its adjudicatory organs shall not exercise discretion to impose sanctions that are higher or more stringent than the sanctions provided in the Rules of The Exchange.**
- (c) **In deciding to impose lesser sanctions, The Exchange or its adjudicatory organ shall consider relevant legal principles, as well as mitigating factors for sanctioning, including but not limited to the:**
- (i) **nature of the infraction;**
 - (ii) **disciplinary history of the infracting party known to The Exchange;**
 - (iii) **education, professional qualifications, affiliations, sophistication of the party;**
 - (iv) **attitude of the party toward the infraction prior to and during a disciplinary case, including in any preceding, simultaneous or connected investigation;**
 - (v) **deterrence effect of the sanction;**
 - (vi) **adequacy of the sanctions in communicating an appropriate denunciation of the infraction;**
 - (vii) **objective of making a clear distinction between compliant and non-compliant conduct; and**

- (viii) any aggravating or mitigating factor concerning the infractor and the infraction or any other relevant circumstances / consideration.
- (d) Where The Exchange or its adjudicatory organ imposes a sanction lower than the sanction provided in The Rules, The Exchange or the adjudicatory organ shall explain its decision in a reasoned statement and shall clearly articulate the factor(s) that resulted in the imposition of a lesser sanction.
- (e) In all other instances and to the extent possible, the above provisions of this sub-rule, especially paragraph (c) above, shall also be applied to all instances in which a range of sanctions is provided in The Exchange's Rules and The Exchange or its adjudicatory organ is permitted to exercise a discretion in imposing an appropriate sanction.