

ALBERTA SECURITIES COMMISSION

Citation: Re EOX Holdings LLC, 2017 ABASC 156

Docket: CMP-0101347

Date: 20170927

**SETTLEMENT AGREEMENT  
AND UNDERTAKING**

**EOX Holdings LLC**

**Agreed Facts**

*Introduction*

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into EOX Holdings LLC (**EOX**) to determine if Alberta securities laws had been breached.
2. The investigation confirmed, and EOX admits, that it breached those sections of the *Securities Act*, RSA 2000, c S-4, as amended (**Act**), referred to in this Settlement Agreement and Undertaking (**Agreement**), and that it acted contrary to the public interest.
3. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertakings referred to in paragraph 19, EOX agrees to the facts and consequences set out in this Agreement.
4. Terms used in this Agreement have the same meaning as provided in the Alberta securities laws, a defined term in the *Act*.

*Parties*

5. EOX is a Delaware limited liability company, with its principal office in Houston, Texas, United States of America (**US**). EOX is authorized under the US Commodity Exchange Act to provide services as an introducing broker. As introducing broker, EOX is permitted to handle orders for clients without accepting money or other assets to support those orders. EOX then places those orders with a futures commission merchant for execution.
6. EOX is not registered in Alberta to carry on business under the *Act*.

### *Circumstances*

7. On January 30, 2017, EOX applied for an order of the Commission under s. 144 of the *Act*, exempting it from the dealer registration requirements under s. 75 of the *Act*.
8. During the application process, EOX informed Staff that it had been brokering exchange contracts on non-Canadian exchanges to Alberta-based market participants since 2012, without registration.
9. From 2012 to 2016, EOX serviced 14 such clients in Alberta, earning commissions of \$913,829.08.

### **Admitted Breaches of Alberta securities laws (Admitted Breaches)**

10. Based on the Agreed Facts, EOX admits that it breached s. 75 of the *Act* by acting as a dealer in Alberta without registration in accordance with Alberta securities laws.

### **Circumstances Relevant to Settlement**

11. EOX has cooperated with Staff and has not been previously sanctioned by the Commission.
12. Exemptive relief from the dealer registration requirement was granted EOX on September 15, 2017.
13. EOX acted in good faith, but did not turn its attention to the fact its activities might be construed as a breach of Alberta securities laws.
14. EOX's breach of Alberta securities laws did not result in any investor losses.
15. None of EOX's clients raised any concerns or complaints with the Commission regarding the activities in their accounts.
16. EOX has never established a physical presence in Alberta or had an Alberta telephone number or address.
17. EOX has not directly solicited business or retained employees, agents, consultants, or other representatives, in Alberta.
18. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

### **Settlement and Undertakings**

19. Based on the Agreed Facts and Admitted Breaches, EOX agrees and undertakes to the Executive Director of the Commission to:
  - 19.1 pay to the Commission a monetary settlement of \$35,000, plus costs of \$5,000.

**Administration**

- 20. EOX acknowledges that it has received independent legal advice and has voluntarily made the admissions and undertakings in this Agreement.
- 21. EOX waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.
- 22. EOX acknowledges and agrees that the Commission may enforce this Agreement in the Court of Queen's Bench or in any other court of competent jurisdiction.
- 23. EOX understands and acknowledges that this Agreement may form the basis for securities-related orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow for provisions of a settlement agreement made in this matter to be given parallel effect in those other jurisdictions automatically, without further notice to it.
- 24. Execution and fulfillment of the terms of this Agreement by EOX resolves all issues involving EOX relating to the conduct described above, and Staff will take no further steps against it arising from these facts.
- 25. This Agreement may be executed in counterpart.

Signed by the duly authorized signatory )	
of EOX HOLDINGS LLC at )	EOX HOLDINGS LLC
Houston, Texas this )	
22 <sup>nd</sup> day of September 2017, in the )	
presence of: )	
)	
<u>Sneha Bagri</u> )	
WITNESS NAME )	Per: <u>John Jeffers - "Original Signed By"</u>
)	PRINTED NAME AND SIGNATURE
<u>"Original Signed By"</u> )	
SIGNATURE )	
)	ALBERTA SECURITIES COMMISSION
)	
Calgary, Alberta, 27 <sup>th</sup> September 2017 )	
)	<u>"Original Signed By"</u>
)	David C. Linder, Q.C.
)	Executive Director