

Securities Regulation Daily Wrap Up, FRAUD AND MANIPULATION—

S.D.N.Y.: UAE traders to pay \$2.69 million to settle spoofing charges, (Apr. 5, 2016)

Securities Regulation Daily Wrap Up

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Two traders from the United Arab Emirates (UAE) will pay \$2.69 million to settle CFTC charges that they engaged in “spoofing” in the gold and silver futures markets. The consent order, issued by a federal court in New York, also imposes permanent trading and registration bans on both traders.

Defendant Heet Khara will pay a \$1.38 million civil penalty while Nasim Salim will pay \$1.31 million to settle the charges, according to a CFTC press [release](#). Both are also the subject of a permanent injunction prohibiting them from engaging in future spoofing violations. A May 14, 2015, asset freeze ordered by the court was lifted as part of the consent order.

Underlying charges. The two traders were [charged](#) in May 2015 after the CME Group’s Market Regulation Department identified spoofing patterns in the gold and silver futures market. Between February 2015 and April 2015, both defendants individually and in a coordinated fashion, regularly placed larger aggregate orders for gold and silver contracts on the Commodity Exchange, Inc. (COMEX), a CME operated exchange, opposite smaller orders, and cancelled the larger orders after the smaller orders were executed, according to the Consent [Order](#). The defendants placed the larger orders with the intent to cancel them before execution.

Access suspended. After noticing the pattern of disruptive trading, the CME Group advised Khara’s futures commission merchant, (FCM), which suspended Khara’s electronic trading access. Khara withdrew all of the funds in his account and opened an account with a second futures commission merchant in March of 2015. But several days later, CME Group issued notices summarily denying Khara and Salim access to all CME Group markets and any trading platforms owned or controlled by CME Group.

In entering the consent order and settling the charges, the defendants did not admit or deny the allegations of the complaint or the findings of fact and conclusions of law.

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