

January 21, 2020

CFTC Orders Australian Company to Pay \$1 Million for Spoofing

Washington, D.C. — The Commodity Futures Trading Commission today issued an order filing and settling charges against **Propex Derivatives Pty Ltd**, a proprietary trading firm headquartered in Australia, for spoofing in the Chicago Mercantile Exchange E-mini S&P 500 futures market. The order finds that Propex, through a former trader, engaged in spoofing from at least July 2012 through March 2017, causing \$464,300 in market losses.

The order imposes a total of \$1 million against Propex, comprised of \$464,300 in restitution, \$73,429 in disgorgement, and a \$462,271 civil monetary penalty. It also requires Propex to cease and desist from violating the Commodity Exchange Act's prohibition on spoofing. This case was brought in connection with the CFTC Division of Enforcement's Spoofing Task Force.

"This enforcement action demonstrates, once again, the continued parallel efforts between the CFTC and our law enforcement partners to preserve market integrity and protect market participants," said CFTC Director of Enforcement James McDonald. "This action also shows the CFTC's commitment to holding wrongdoers accountable wherever they may be located, including halfway around the globe."

The order finds that between July 2012 and March 2017, a Propex trader engaged in proprietary trading in commodity futures markets on behalf of Propex. On numerous occasions during that time period, the trader engaged in typical spoofing activities – placing bids and offers for E-mini futures contracts with the intent to cancel the bids and offers before execution. The trader typically placed order(s) that he wanted to get filled (genuine orders), on one side of the market, while on the opposite side of the market, he placed order(s) that the trader intended to cancel before execution (spoof orders). The spoof orders typically consisted of orders that were five times as many contracts as the genuine orders. Generally, the trader cancelled the spoof orders shortly after placing them, often after the genuine orders were filled.

Related Criminal Action

Today, in a separate action, the Department of Justice Fraud Section announced an entry of a Deferred Prosecution Agreement with Propex on a parallel matter, deferring criminal prosecution of Propex on a spoofing charge.

The Division of Enforcement acknowledges and thanks the staff of DOJ Fraud Section's Commodities Fraud Group, the Federal Bureau of Investigation, and the Australian Securities and Investments Commission for their assistance.

The Enforcement Division staff members responsible for this case are Nicholas Sloey, Allison Sizemore, Jordon Grimm, Christopher Reed, and Charles Marvine, as well as former staff member Laura Brookover.