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## CFTC Finds that The Bank of Tokyo-Mitsubishi UFJ, Ltd. Engaged in Spoofing of Treasury Futures and Eurodollar Futures

**CFTC Recognizes The Bank of Tokyo-Mitsubishi UFJ, Ltd.'s Cooperation, Self-Reporting, and Pro-Active Implementation of Remedial Measures and Process Improvements**

**Washington, DC** — The U.S. Commodity Futures Trading Commission (CFTC) today issued an Order filing and settling charges against **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** (BTMU) for engaging in multiple acts of spoofing in a variety of futures contracts on the Chicago Mercantile Exchange and the Chicago Board of Trade, including futures contracts based on United States treasury notes and Eurodollars. The Order finds that BTMU engaged in this activity through one of its employees (Trader A), who accessed these markets through a trading platform from one of BTMU's Tokyo offices. The Order requires BTMU to pay a \$600,000 civil monetary penalty and to cease and desist from violating the Commodity Exchange Act's prohibition against spoofing. The CFTC became aware of the conduct through BTMU's voluntary self-reporting of the wrongdoing.

### **CFTC's Director of Enforcement Comments**

"This case shows the benefits of self-reporting and cooperation, which I anticipate being an important part of our enforcement program going forward," said James McDonald, the CFTC's Director of Enforcement. McDonald continued: "We expect market participants, through adequate supervision, to prevent this sort of misconduct before it starts. But when market participants discover wrongdoing, we want to incentivize them to voluntarily report it and to cooperate with our investigation, as the Bank of Tokyo did here. The Bank of Tokyo benefitted from its self-reporting and cooperation in the form of a substantially reduced penalty."

### **CFTC's Order**

The Order finds that during the period starting at least July 2009 through December 2014, although largely in 2010 and 2011, Trader A placed multiple orders for futures contracts with an intent to cancel the orders before their execution. Trader A's spoofing strategies included submitting orders on opposite sides of the same market at nearly the same time. The Order further finds that Trader A engaged in this spoofing activity in order to move the market in a direction favorable to his orders. Once aware of Trader A's misconduct, BTMU promptly suspended the trader and reported the conduct to the CFTC's Division of Enforcement (the Division).

The Order makes additional findings about BTMU's self-reporting, cooperation, and remediation. The Order finds that BTMU commenced an expansive internal review and assisted the Division's investigation of the conduct. The Order further finds that BTMU launched an overhaul of its systems and controls and implemented a variety of enhancements to detect and prevent similar misconduct. The Order additionally finds that BTMU revised its policies, updated its training, and implemented electronic systems to identify spoofing.

The CFTC Division of Enforcement staff members responsible for this case are Kara Mucha, Jordon Grimm, Laura Brookover, Philip Tumminio, and Rick Glaser.

### **Media Contact**

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