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## Settlement of Charges Against Alan Rabinowitz

1 message

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# DISCIPLINARY NOTICE

April 1, 2016

Matter: CASE number 2015-025

### SETTLEMENT OF CHARGES AGAINST ALAN RABINOWITZ

#### Exchange Rules:

##### **Rule 4.02(I). Trade Practice Violations**

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to.... [e]ngage in any other manipulative or disruptive trading practices prohibited by the Act or by the Commission pursuant to Commission regulation, including, but not limited to:

- (1) Entering an order or market message, or cause an order or market message to be entered, with:
- (A) The intent to cancel the order before execution, or modify the order to avoid execution;
  - (B) The intent to overload, delay, or disrupt the systems of the Exchange or other market participants;
  - (C) The intent to disrupt the orderly conduct of trading, the fair execution of transactions or mislead other market participants, or
  - (D) Reckless disregard for the adverse impact of the order or market message.

(2) Knowingly entering any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or knowingly entering, or causing to be entered, bids or offers other than in good faith for the purpose of executing bona fide Transactions.

#### Summary:

Alan Rabinowitz ("Rabinowitz") engaged in a pattern of trading activity in the Coffee "C" ("KC") Futures market between March 2015 and May 2015 where numerous order book imbalances were created wherein he entered a small order relative to market conditions to buy or sell at the best price on one side of the market and a large order to sell or buy on the opposite side of the market. In numerous instances, the small order transacted and Rabinowitz would cancel the larger order on the opposite side

of the market.

With respect to the larger orders that were entered and subsequently cancelled as described above, a subcommittee of the Exchange's Business Conduct Committee determined that Rabinowitz may have violated Exchange Rule 4.02(l)(1)(A) by entering orders with the intent to cancel such orders before execution; Exchange Rule 4.02(l)(1)(C) by entering orders with the intent to mislead market participants; and Exchange Rule 4.02(l)(2) by knowingly entering bids and offers other than in good faith for the purpose of executing bona fide transactions. Market Regulation Staff determined that Rabinowitz was able to benefit from the price of KC futures he put on to hedge KC options positions that he held by approximately \$8,081.95.

**Penalty:**

In accordance with the terms of settlement, in which Rabinowitz neither admitted nor denied the violations of Rules 4.02(i)(1)(A), 4.02(l)(1)(C) and 4.02(l)(2), Rabinowitz paid a monetary penalty of \$81,928.75 and disgorged an additional \$8,081.25. Rabinowitz engaged in the KC trading described above to hedge open Coffee options positions. As such, an alternate method for calculating disgorgement was utilized. Disgorgement was calculated by taking the difference between the best bid/offer prior to the entry of the large order by Rabinowitz and the fill price he received for the small order. Rabinowitz also agreed to serve a 10 day suspension from directly or indirectly trading on any ICE Futures U.S. market and agreed to cease and desist from violating Rules 4.02(i)(1)(A), 4.02(l)(1)(C) and 4.02(l)(2).

**Effective Date:** March 30, 2016

**FOR MORE INFORMATION**

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