



**CHICAGO BOARD OF TRADE
NOTICE OF DISCIPLINARY ACTION**

FILE NO.: **CBOT 13-9692 -BC**

NON-MEMBER: **Jose Gamboa**

**CBOT RULE
VIOLATIONS:** **Rule 534 Wash Trades Prohibited**

No person shall place or accept buy and sell orders in the same product and expiration month, and, for a put or call option, the same strike price, where the person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no person shall knowingly execute or accommodate the execution of such orders by direct or indirect means.

Market Regulation Advisory Notice RA0913-5 FAQ (Excerpt)

Q11- Under what circumstances is trading with oneself on the electronic platform a violation of exchange rules regarding wash trading?

A11- Rule 534 provides that buy and sell orders for accounts with common beneficial ownership must be entered in good faith for the purpose of making bona fide transactions. Thus, it is a violation of Rule 534 for a market participant to enter an order on the electronic system that he knew or should have known would match with a resting order on the other side of the market for an account with common beneficial ownership.

FINDINGS: Pursuant to an offer of settlement in which Jose Gamboa ("Gamboa") neither admitted nor denied the rule violations upon which the penalty is based, on February 25, 2015, a Panel of the Chicago Board of Trade ("CBOT") Business Conduct Committee ("Panel") found that it had jurisdiction over Gamboa pursuant to Rules 400 and 402 as the conduct occurred while Gamboa was an employee of an affiliate of a CBOT member. The Panel further found that on four days between June 2013 and September 2013, Gamboa executed transactions in agricultural products on the Globex platform where there was the same beneficial ownership on both sides of the transactions. Orders were placed by Gamboa for the purpose of transferring positions from one account to another, and he reasonably should have known that the orders he placed would trade opposite orders placed by another employee. The Panel also found that three of the transactions impacted the KC Hard Red Winter Wheat futures contract's daily open interest. The Panel concluded that as a result of the foregoing, Gamboa violated CBOT Rule 534.

PENALTY: In accordance with the settlement offer, the Panel ordered Gamboa to pay a fine in the amount of \$10,000, and to have his access to all CME Group trading floors and direct access to all electronic trading and clearing platforms owned or controlled by CME Group suspended for a period of five business days. The suspension shall run from February 27, 2015, through March 5, 2015, inclusively.

EFFECTIVE DATE: February 27, 2015