

**CHICAGO MERCANTILE EXCHANGE
NOTICE OF DISCIPLINARY ACTION**

FILE NO.: CME 13-9649-BC

MEMBER: Port 22 LLC

**CME RULE
VIOLATIONS:** Rule 432 General Offenses

It shall be an offense:

Q. to commit an act which is detrimental to the interest or welfare of the Exchange or to engage in any conduct which tends to impair the dignity or good name of the Exchange.

W. for a member to fail to diligently supervise its employees and agents in the conduct of their business relating to the Exchange.

FINDINGS: Pursuant to an offer of settlement in which Port 22 LLC neither admitted nor denied the rule violation upon which the penalty is based, a Panel of the CME Business Conduct Committee ("Panel") found that it had jurisdiction over Port 22 pursuant to Rules 402 and 418. The Panel also found that between June 9, 2013, and June 11, 2014, Port 22 engaged in a pattern of activity in which an automated trading system Port 22 operated entered price modifications in Eurodollar futures spread instruments with incrementally widening spreads between the bid and offer prices, causing aberrant bid and offer prices to be disseminated to the market. Port 22 failed to adequately rectify the problem for eight months after Market Regulation first notified it of the issue, during which time several other price widening instances occurred. Port 22's monitoring measures were insufficient to alert it to any of the price widening instances. Additionally, Port 22 had identified the potential problem with the automated trading system while testing it, but Port 22 took insufficient measures to correct the issue prior to deploying it in the market. The Panel concluded that Port 22 thereby violated CME Rules 432.Q and 432.W.

PENALTY: In accordance with the settlement offer, the Panel ordered Port 22 to pay a fine of \$55,000.

**EFFECTIVE
DATE:** February 27, 2015