

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

FILE NO.: CBOT 13-9692 -BC

**NON-MEMBER
FIRM:** Cargill de Mexico S.A. de C.V.

**CBOT RULE
VIOLATIONS:** Rule 432 (“General Offenses”) (in part)

It shall be an offense:

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

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 Cargill de Mexico S.A. de C.V. (“CDM”) 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 CDM pursuant to Rules 400 and 402 as the conduct occurred while CDM was an affiliate of a CBOT member. The Panel further found that on six days between June 2013 and January 2014, employees of CDM executed transactions in agricultural products on the Globex platform where there was the same

beneficial ownership on both sides of the transactions. The opposing buy and sell orders were placed by CDM employees for the purpose of transferring positions from one CDM account to another, and the employees reasonably should have known that the orders would trade opposite each other. The Panel also found that three of the transactions impacted the KC Hard Red Winter Wheat futures contract's daily open interest. Additionally, the Panel found that CDM failed to diligently supervise its employees in connection with this conduct. The Panel concluded that as a result of the foregoing, CDM violated CBOT Rules 432.W. and 534.

PENALTY: In accordance with the settlement offer, the Panel ordered CDM to pay a fine in the amount of \$60,000.

EFFECTIVE DATE: February 27, 2015