

NOTICE OF DISCIPLINARY ACTION

CME 22-1615-BC-1

Effective Date 18 July 2024

NON-MEMBER:

Wing Fung Futures Limited

CME RULE VIOLATIONS:

Rule 432. General Offenses (in part)

It shall be an offense:

T. to engage in dishonorable or uncommercial conduct.

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

Rule 576 Identification of Globex Terminal Operators

Each Globex Terminal Operator shall be identified to the Exchange, in the manner prescribed by the Exchange, and shall be subject to Exchange rules. If operator IDs are required to be registered with the Exchange, it is the duty of the clearing member to ensure that registration is current and accurate at all times. Each individual must use a unique operator ID to access Globex. In no event may a person enter an order or permit the entry of an order by an individual using an operator ID other than the individual's own unique operator ID.

FINDINGS:

Pursuant to an offer of settlement in which Wing Fung Futures Limited ("Wing Fung") neither admitted nor denied the rule violations or factual findings upon which the penalty is based, on July 16, 2024, a Panel of the Chicago Mercantile Exchange Business Conduct Committee ("Panel") found that between July 22, 2020, and July 7, 2022, Wing Fung deployed an automated trading system ("ATS") in the Australian Dollar, British Pound, Canadian Dollar, Euro FX, Japanese Yen, New Zealand Dollar, E-mini NASDAQ, Micro E-mini NASDAQ, and E-mini S&P 500 futures markets wherein the ATS's strategy was to submit orders based upon trades executed by its clients who were regularly unprofitable. Specifically, upon a target

client establishing a short/long position, the ATS generated a trading signal to enter an order in the same market for the same price and quantity as the client, though to establish the opposite short/long position. The Panel found that by employing this strategy, Wing Fung attempted to profit from its knowledge of its clients' record of losses, which was not available to others in the marketplace. Additionally, the Panel found that Wing Fung employees used Wing Fung's clients' unique operator IDs to enter orders into Globex. The Panel further found that Wing Fung's leadership fundamentally did not understand, or were otherwise completely unaware, of Exchange rules that prohibited the activity described above. Therefore, the Panel found that Wing Fung failed to diligently supervise its employees and agents.

The Panel therefore concluded that Wing Fung violated CME Rules 432.T., 432. W., and 576.

PENALTY:

In accordance with the settlement offer, the Panel ordered Wing Fung to pay a \$100,000 fine in connection with this case and companion cases CBOT 22-1615-BC, NYMEX 22-1615-BC, and COMEX 22-1615-BC (\$40,000 of which is allocated to CME) and to disgorge \$4,011.33 in profits (\$2,166.11 of which is allocated to CME).