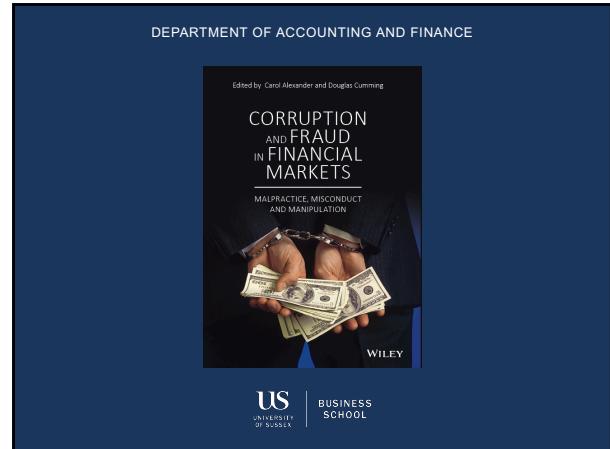


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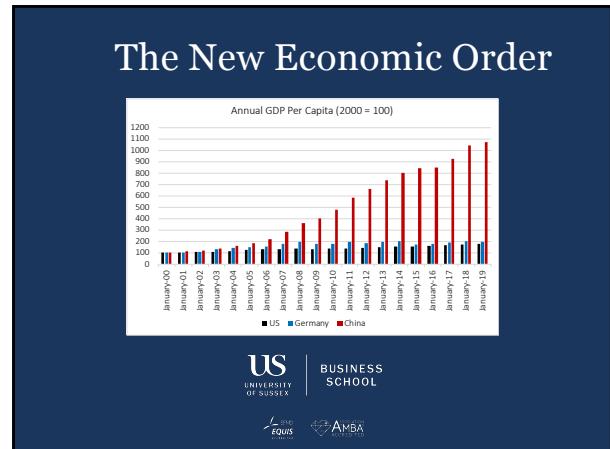
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## Outline

- Evolution of prices in financial markets: 2008 – 2020
- Corrupt practices affecting safe-haven asset prices
- Manipulation with algorithmic trading strategies
- Regulations and the surveillance of traders
- Implications for finance degree courses

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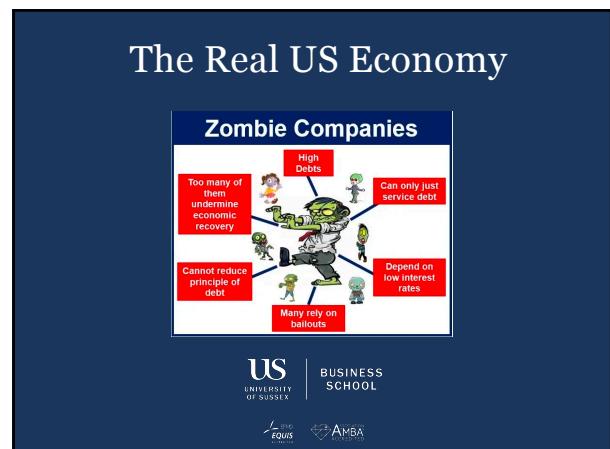
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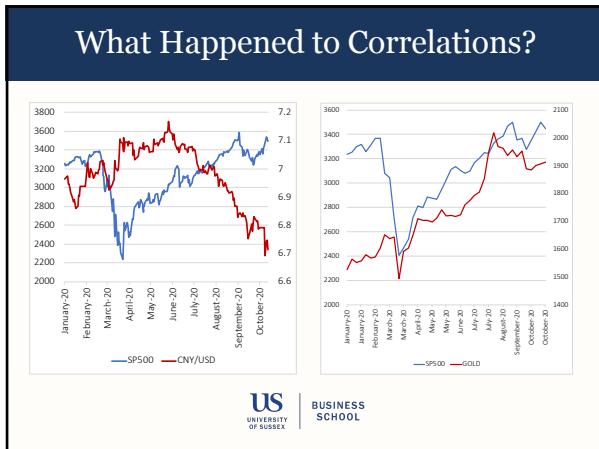
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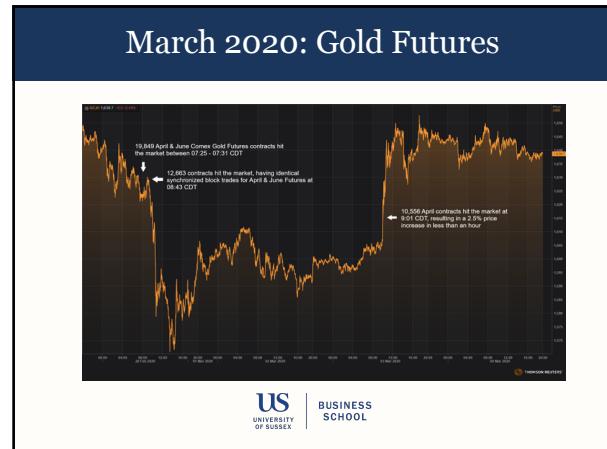
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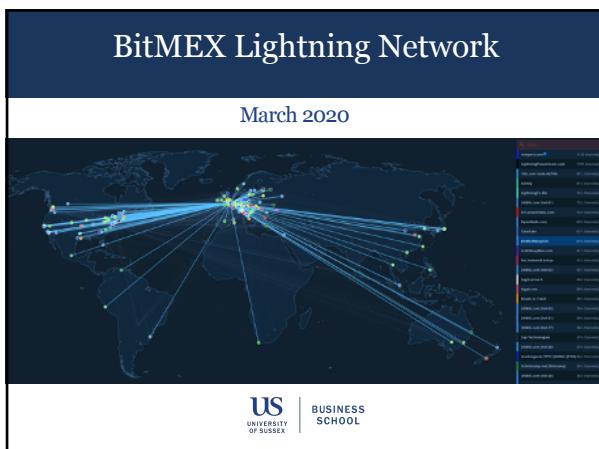
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## Spoofing

**BitMEX Exchange.**

Orderbook (XBTUSD)

Chart (XBTUSD)

Recent Trades (XBTUSD)

Depth Chart (XBTUSD)

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## CFTC Fines JP Morgan

JP Morgan Chase admits to US market manipulation and agrees to pay \$920m

“‘Spoofing’ practice illegally affected futures and metals market

Landmark settlement lifts regulatory shadow over bank

UNITED STATES OF AMERICA  
DEPARTMENT OF JUSTICE  
COMMODITY FUTURES TRADING COMMISSION  
RECOVER OFFICER  
Office of the Inspector General  
Case No. 18-CV-00001  
CFTC Docket No. 20-4  
Reopened  
ORDER INSTITUTING PROCEEDINGS PURSUANT TO  
SECTION 17(b) OF THE COMMODITY EXCHANGE ACT,  
MAKING FINANCIAL FIRM PAY RECORD SANCTION

L INTRODUCTION

The Commodity Futures Trading Commission (“Commission”) has reason to believe that Jay C. Chase, Jr., formerly of JP Morgan Chase & Co. (“JP Morgan”), and JP Morgan Chase & Co., formerly of JP Morgan Chase & Co. (“JP Morgan Chase”), violated section 17(b) of the Commodity Exchange Act (“CEA”), 7 U.S.C. § 17(c), and section 17(b)(1) of the Commodity Futures Trading Commission Act (“CFTCA”), 7 U.S.C. § 17(c)(1), by, among other things, manipulating futures and options contracts on the CME Group (“CME”) and CBOE Futures Exchange (“CBOE”) in violation of section 1(a)(1) of the CEA, 7 U.S.C. § 1(a)(1), and section 1(a)(1) of the CFTCA, 7 U.S.C. § 1(a)(1). Therefore, the Commission is instituting proceedings for the public record to impose a civil monetary penalty on JP Morgan Chase and JP Morgan Chase & Co. and to enjoin them from engaging in the conduct set forth herein, and to determine whether an order to cease and desist should be issued.

In anticipation of the institution of an administrative proceeding, Respondents have submitted a proposed Settlement Agreement (“Settlement”) to the Commission. Without admitting or denying any of the findings or conclusions herein, except to the extent that such findings or conclusions are incorporated herein by reference, Respondents consent to the entry of a final judgment on the Settlement Agreement, which will become effective upon its entry by the Commission and will be enforceable in the United States District Court for the District of Columbia. Respondents consent to the entry and enforcement of an injunction against the conduct set forth herein, and to determine whether an order to cease and desist should be issued.

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## Other CFTC Spoofing Fines

**January 29, 2018**—The CFTC, in conjunction with the Department of Justice and Federal Bureau of Investigation’s Criminal Investigative Division, criminal and civil enforcement actions against three banks (Deutsche Bank, UBS, and HSBC) and six individuals involved in commodities fraud and spoofing schemes involving gold and other precious metals futures contracts and E-Mini S&P 500 futures contracts. ([CFTC Press Release 7681-18](#), January 29, 2018).

**November 7, 2019**—The CFTC issues an order filing and settling charges against proprietary trading firm **Tower Research Capital LLC** arising from a manipulative and deceptive scheme, spanning nearly two years and involving thousands of occasions of spoofing in equity index futures products traded on the CME and CBOT. The order finds that Tower, by and through three former Tower traders, engaged in this unlawful activity while placing orders for, and trading futures contracts through Tower accounts, which benefited Tower financially while causing \$32,593,849 million in market losses. The order imposes a total of \$67.4 million against Tower, comprised of \$32,593,849 in restitution, \$10,500,000 in disgorgement, and a \$24,400,000 civil monetary penalty—the largest total monetary relief ever ordered in a spoofing case. ([CFTC Press Release 8074-19](#), November 7, 2019).

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## Other Forms of Price Manipulation

SP 500 Futures 15 Minute Chart

Gee, do you think they painted the tape into the close for end of quarter results?

Volume

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## FINANCIAL TIMES

**Blockchain**

Wha-Tether could be going on with the bitcoin price?

A post published on Medium late Friday, by Sussex University Professor Carol Alexander and PhD student Michael Dakos goes into some more detail, and features a nice chart showing the supply of Tether versus the bitcoin price over the past few months:

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## Manipulation of Benchmark Rates

**December 21, 2016**—The CFTC orders **Goldman Sachs** to pay a \$120 million Penalty for attempted manipulation of and false reporting of U.S. Dollar ISDAFIX benchmark swap rates, a global benchmark for interest rate products over a five-year period from 2007 to 2012. ([CFTC Press Release 7505-16](#), December 21, 2016).

**April 20, 2015**

Deutsche Bank to Pay \$600 Million Penalty to Settle CFTC Charges of Manipulation, Attempted Manipulation, and False Reporting of LIBOR and Similar Rates

With Today's Action, the CFTC Has Imposed over \$4 billion in Penalties against 13 Banks and Brokers to Address LIBOR and FX Benchmark Abuses

**May 25, 2016**

CFTC Orders Citibank, N.A. and Japanese Affiliates to Pay \$175 Million Penalty for Attempted Manipulation of Yen LIBOR and Euro LIBOR, and False Reporting of European T-bill and U.S. Dollar LIBOR

Citibank, N.A. Has Been Subject to Three CFTC Enforcement Actions for Benchmark Abuse (YEN ISDAFIX, and LIBOR) Imposing a Total of \$700 Million in Penalties and Requiring Extensive Remediation

**June 20, 2015**

Bardley to Pay \$450 Million Penalty to Settle CFTC Charges of Attempted Manipulation and False Reporting of Foreign Exchange Benchmark Rates

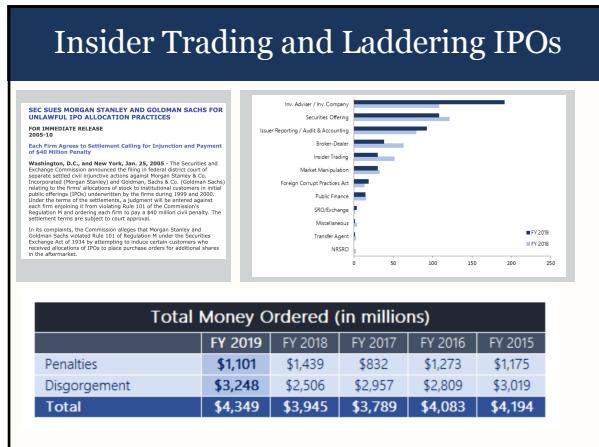
CFTC Also Took Action Today Against Bardley and its Affiliate for Attempted Manipulation and False Reporting of the ISDAFIX Benchmark, an Interest Rate Benchmark – the First Enforcement Action to Resulting from a CFTC Investigation of ISDAFIX

**August 29, 2016**

CFTC Orders BNP Paribas to Pay \$90 Million Penalty for Attempted Manipulation and False Reporting of U.S. Dollar ISDAFIX Benchmark Swap Rates

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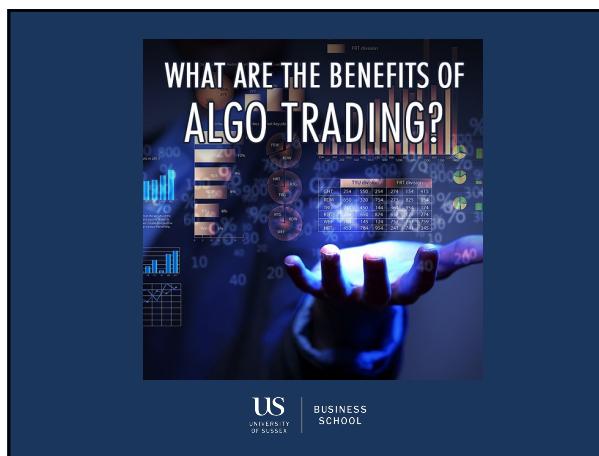
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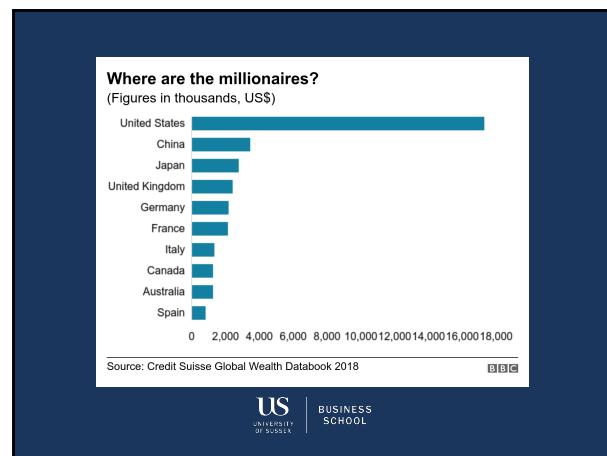
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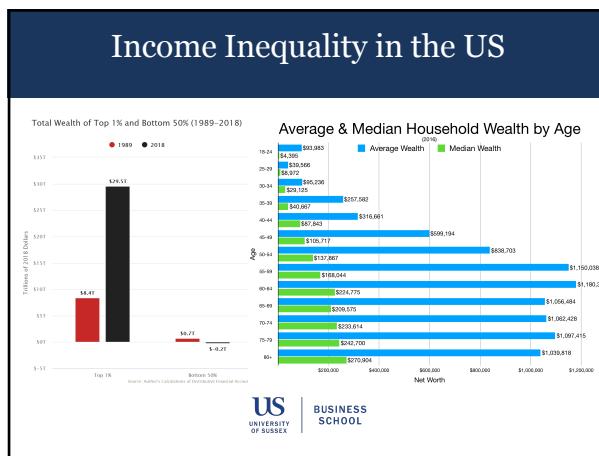
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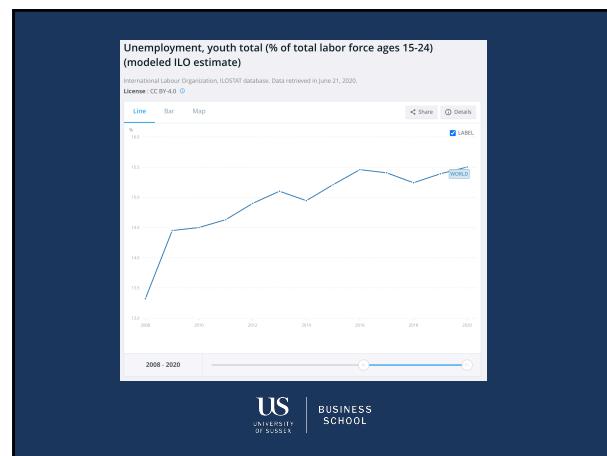
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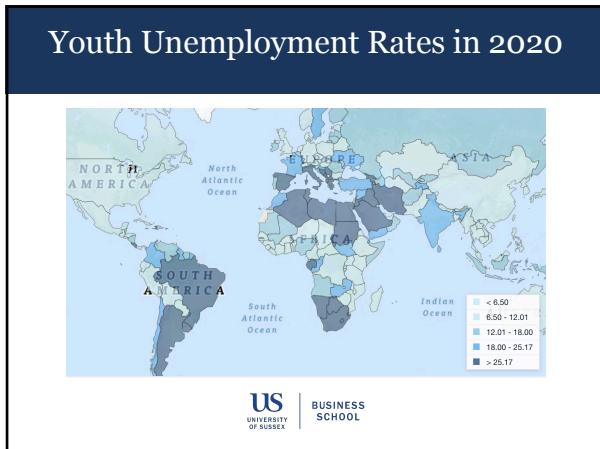
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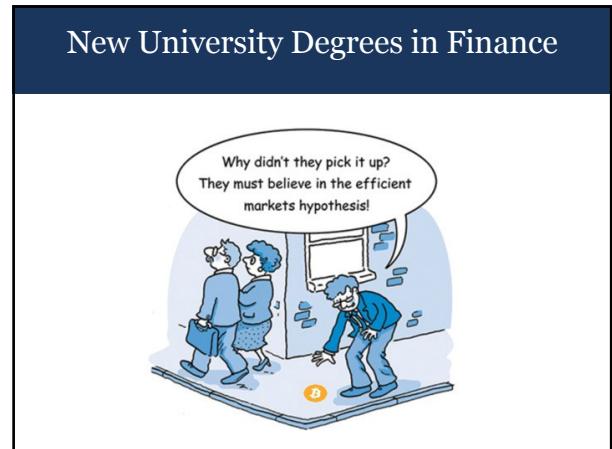
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### DEPARTMENT OF ACCOUNTING AND FINANCE

University of Sussex Business School  
Department of Accounting and Finance

The Department of Accounting and Finance is a key component of the University of Sussex Business School, with strong industry links, expert academic staff who consult for leaders in business and government, and state-of-the-art teaching and learning facilities. We aim to produce leading research that impacts policy and practice.

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