



Trends in CME Disciplinary Notices

2018-2024

REVIEW & ANALYSIS

CORNERSTONE RESEARCH
Economic and Financial Consulting and Expert Testimony



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Executive Summary

The CME Group's Market Regulation Enforcement team works to resolve exchange rule violations through actions against individuals or firms. Between 2018 and 2024, the CME Group brought 846 actions against market participants.

"CME disciplinary notices" are formal communications issued by the CME Group to inform market participants and the public about disciplinary actions. The notices detail the specific rules or regulations violated, identify the disciplined individuals or firms, and outline the penalties or sanctions imposed. These cover infractions such as market manipulation, fraud, trading misconduct, or failure to comply with reporting requirements.

Following a 57% decline in notices issued from 2019 through 2022, the trend reversed in 2023 with an 84% increase and remained steady in 2024. While a similar number of notices were

issued in both 2024 and 2023, they were more concentrated in the second half of 2024.

The largest number of notices were issued for conduct involving Spoofing (204) and Failure to Supervise Employees (153).

Fines for notices involving Member Coordination, Providing and Keeping Records, and Investigation Hampering increased sharply in 2023 before decreasing in 2024.

Between 2018 and 2024, the CME group imposed total monetary penalties of over \$76 million.

These monetary penalties included approximately \$55 million in fines, \$9 million in disgorgement, and \$12 million in restitution.

Between 2018 and 2024, monetary penalties imposed by the CME Group totaled over \$76 million.

Number of Disciplinary Notices Issued

Between 2018 and 2024, a total of 846 notices were issued. Of these notices, 414 referenced more than one violated rule, with an overall average of 1.8 rules referenced per disciplinary notice.

Over the same period, 119 actions involved more than one exchange, resulting in multiple notices being issued for the same violation. These multiple notices are only counted once in this analysis.

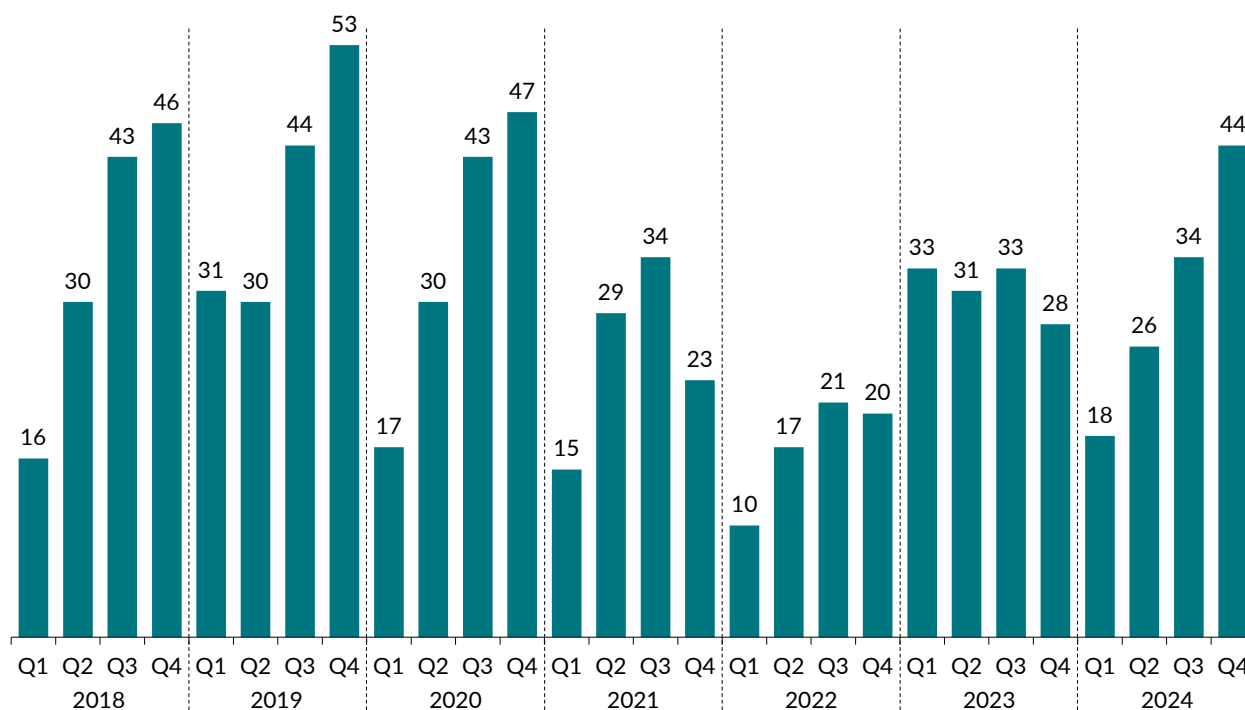
There were 68 notices issued in 2022, a substantial decrease from the high of 158 notices issued in 2019.

Notices rebounded in 2023 and 2024 with 125 and 122 issuances, respectively.

In 2023 and 2024, notices increased to 125 and 122, respectively.

Of the 122 total notices issued in 2024, 64% occurred in the second half of the year.

Figure 1: Number of CME Group Disciplinary Notices by Quarter
Q1 2018–Q4 2024



Source: CME Group.

Note: Identified duplicate notices are excluded from the analysis.

Penalties

In 2023, the CME Group imposed the highest amount of disgorgement penalties and the second-highest amount of aggregated penalties. This represented a sharp rebound following the low total penalties in 2021.

Disgorgement penalties remained high in 2024, with the second-highest levels after 2023, despite 2024 having below-average aggregate monetary penalties.

Between 2018 and 2024, 95% of disciplinary notices had associated monetary penalties, with a median fine amount of \$40,000.

Across notices between 2018 and 2024, the median nonzero fine value was \$40,000, the median nonzero disgorgement value was \$17,320, and the median nonzero restitution value was \$151,978.

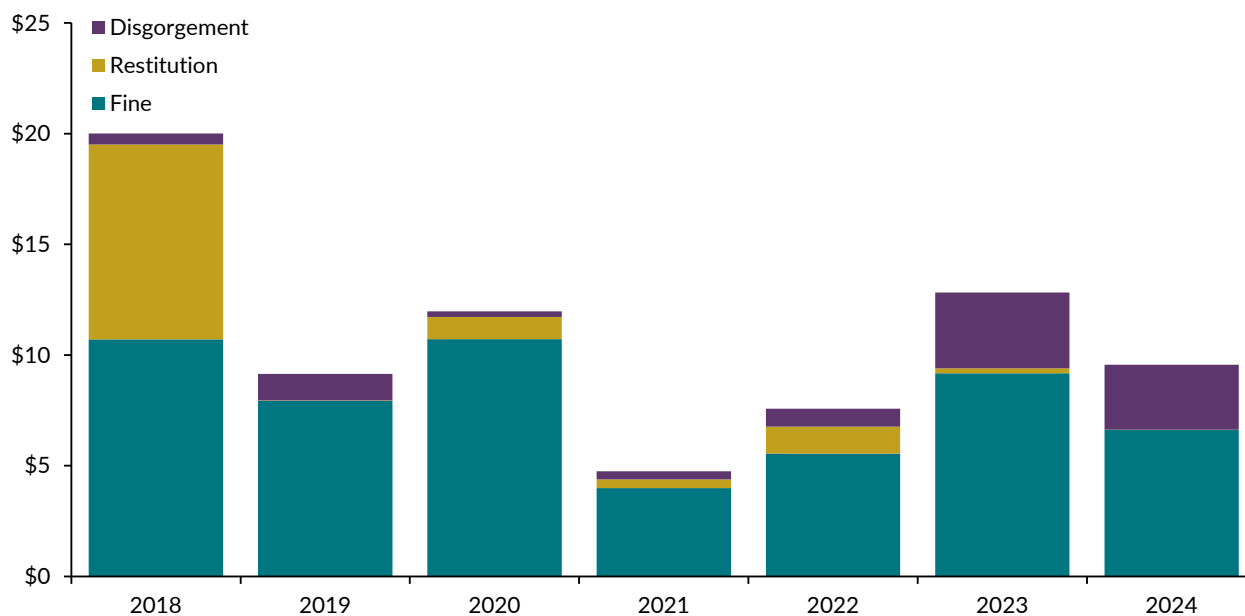
The highest monetary penalty associated with a notice in the sample was \$3,150,000, resulting from a violation of Corners, Squeezes, and False Information and Failure to Supervise Employees in 2018.

Between 2018 and 2024, 320 notices involved temporary bans, while 130 notices involved permanent bans or restrictions on future trading activities.

Over the same period, 94% of notices had an associated fine value, 12% had a disgorgement value, and 3% had a restitution value.

Of the 846 notices issued between 2018 and 2024, 41 had no associated monetary penalties.

Figure 2: Aggregate Monetary Penalties by Year
2018–2024
(Dollars in Millions)



Source: CME Group

Note: Identified duplicate notices are excluded from the analysis. Joint monetary penalties are divided evenly across all involved notices. In 2018, three notices were responsible for a joint restitution penalty of \$8,700,000.

Rule Violation Categories

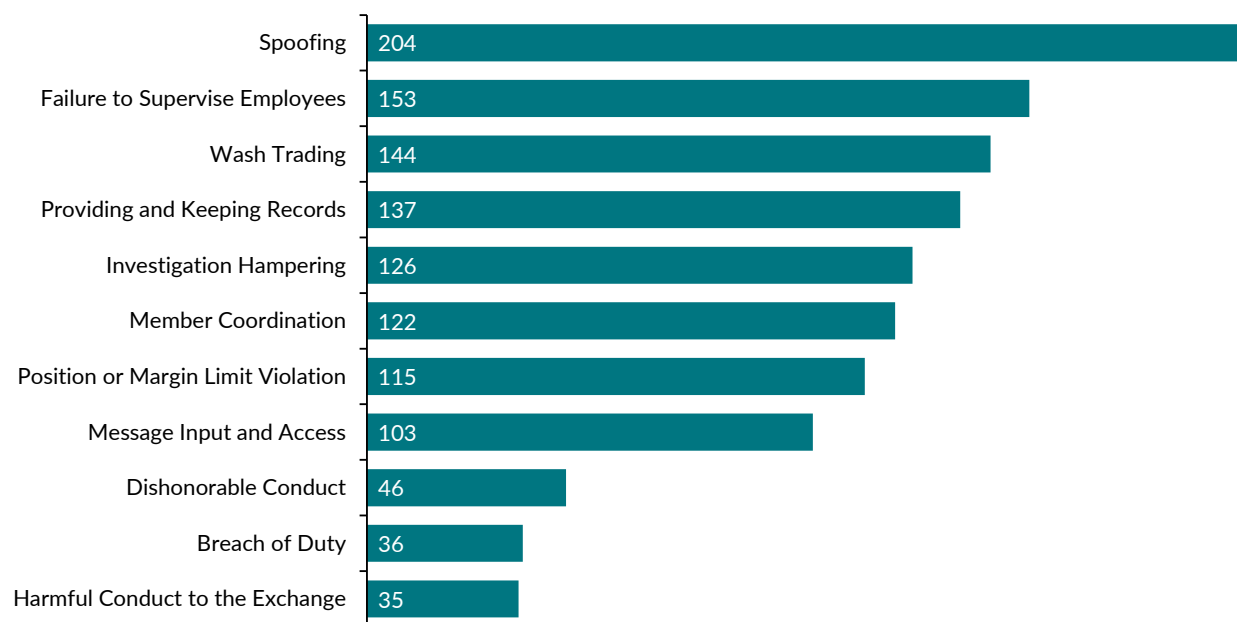
NUMBER OF ACTIONS

The most frequently referenced rule violation categories were Spoofing (204), Failure to Supervise Employees (153), and Wash Trading (144).

The categories with the fewest mentions (not listed in Figure 3 below) were Off-Exchange Transactions (26), Block Trading (23), Corners, Squeezes, and False Information (7), and Other (23).

Spoofing was the most referenced category in issued notices, with 204 of the 846 notices between 2018 and 2024 mentioning such violations.

Figure 3: Number of CME Group Disciplinary Notices by Rule Violation Category 2018–2024



Source: CME Group.

Note: Identified duplicate notices are excluded from the analysis. See Appendix for a full list of rules within a category.

FINES

Aggregate fines for notices involving Member Coordination, Providing and Keeping Records, and Investigation Hampering increased sharply in 2023 but declined in 2024.

Total fines for Position or Margin Limit Violations and for Wash Trading notices increased by a third in 2024.

While the number of disciplinary actions for Corners, Squeezes, and False Information was relatively small (seven) between 2018 and 2024, this category had the largest average fine of \$666,600 over the analyzed period.

About two-thirds of all fines in 2024 were associated with Investigation Hampering, Spoofing, or a Failure to Supervise Employees.

Figure 4: Total Fines per Rule Category
2018–2024
(Dollars in thousands)

	2018	2019	2020	2021	2022	2023	2024
Investigation Hampering	1,782	675	1,105	160	495	3,165	1,740
Spoofing	2,585	2,935	1,540	700	1,285	1,440	1,595
Failure to Supervise Employees	6,150	2,375	3,930	1,025	1,705	2,215	1,405
Position or Margin Limit Violation	1,035	983	1,073	1,028	305	925	1,251
Wash Trading	640	715	1,055	550	445	975	1,125
Dishonorable Conduct	925	2,440	3,390	171	1,125	1,375	1,115
Message Input and Access	740	623	1,318	445	1,070	275	879
Providing and Keeping Records	555	1,468	2,250	655	1,825	3,222	804
Member Coordination	155	670	1,730	755	270	3,065	565
Harmful Conduct to the Exchange	730	1,125	4,285	90	730	-	385
Breach of Duty	952	2,320	325	95	835	55	200
Other	567	1,545	2	61	10	356	29
Off-Exchange Transactions	210	100	165	200	-	20	120
Block Trading	35	56	280	125	200	145	48
Insider Trading	-	100	-	-	500	220	0
Corners, Squeezes, and False Information	3,660	1,000	-	6	-	-	-

Source: CME Group

Note: Identified duplicate notices are excluded from the analysis. This figure only includes fines, not disgorgements or restitutions. Because notices may have multiple rules associated with it, a fine may be included in multiple groupings that year. See Appendix for a full list of rules within a category.



Methodology

The CME Notices website was used to identify disciplinary notices. See “Notices,” CME Group, <https://www.cmegroup.com/notices.html>.

Disciplinary notices with a release date between January 1, 2018, and December 31, 2024, were reviewed.

Disciplinary notices often have multiple rules associated with them. A single notice (and corresponding penalty) may be associated with multiple rules or rule groupings. When a notice references multiple rules, each distinct rule number is counted separately. For example, if a notice mentions both Rule 526 and Rule 433, both rules are counted. However, if a notice references a sub-rule and its overarching rule (e.g., both 526 and 526.B), only the sub-rule is counted (526.B). If a notice lists multiple sub-rules under the same overarching rule (e.g., 526.B and 526.D), each sub-rule is counted separately, but not the overarching rule (526).

Appendix

Appendix 1: CME Rule Groupings 2018–2024

Rule Number	Rule Type	Count	Total Fine
526	Block Trading	20	\$769,000
526.B	Block Trading	1	\$20,000
526.D	Block Trading	2	\$100,000
432.U	Breach of Duty	6	\$2,271,667
433	Breach of Duty	22	\$1,990,000
530	Breach of Duty	3	\$490,000
531	Breach of Duty	1	\$20,000
533	Breach of Duty	4	\$65,000
540.A	Breach of Duty	1	\$20,000
432.H	Corners, Squeezes, and False Information	7	\$4,666,000
432.J	Corners, Squeezes, and False Information	3	\$3,525,000
432.B.1	Dishonorable Conduct	21	\$5,056,000
432.B.2	Dishonorable Conduct	20	\$5,215,000
432.C	Dishonorable Conduct	10	\$3,900,000
432.I	Dishonorable Conduct	3	\$900,000
432.T	Dishonorable Conduct	23	\$4,961,000
432.W	Failure to Supervise Employees	153	\$18,805,000
432.Q	Harmful Conduct to the Exchange	35	\$7,345,000
432.X	Harmful Conduct to the Exchange	1	\$650,000
532	Insider Trading	10	\$820,000
432.L	Investigation Hampering	3	\$300,000
432.L.1	Investigation Hampering	92	\$4,575,000
432.L.2	Investigation Hampering	27	\$3,776,667
432.L.3	Investigation Hampering	9	\$750,000
432.G	Member Coordination	40	\$2,330,000
515	Member Coordination	2	\$115,000
515.D	Member Coordination	2	\$300,000
515.E	Member Coordination	2	\$90,000
521	Member Coordination	19	\$780,000
529	Member Coordination	1	\$30,000
539	Member Coordination	9	\$555,000
539.A	Member Coordination	71	\$4,225,000
539.C.2	Member Coordination	1	\$0
413.A.1	Message Input and Access	6	\$0
413.A.2	Message Input and Access	6	\$0
413.A.3	Message Input and Access	6	\$0

413.A.4	Message Input and Access	6	\$0
539.C.3	Message Input and Access	4	\$170,000
539.C.3.A	Message Input and Access	7	\$215,000
539.C.3.D	Message Input and Access	3	\$65,000
574	Message Input and Access	1	\$42,500

Rule Number	Rule Type	Count	Total Fine
576	Message Input and Access	88	\$5,131,500
579	Message Input and Access	1	\$0
538.B	Off-Exchange Transactions	1	\$40,000
538.C	Off-Exchange Transactions	22	\$735,000
538.C.1	Off-Exchange Transactions	2	\$40,000
538.C.2	Off-Exchange Transactions	2	\$40,000
538.C.3	Off-Exchange Transactions	2	\$40,000
538.F	Off-Exchange Transactions	1	\$40,000
538.G	Off-Exchange Transactions	1	\$30,000
716	Off-Exchange Transactions	1	\$20,000
854.B	Off-Exchange Transactions	1	\$20,000
402.B.11	Other	1	\$0
407.C	Other	1	\$50,000
408.F	Other	2	\$100,000
432.R	Other	1	\$150,000
432.S	Other	4	\$320,000
512	Other	2	\$5,000
513.B.4	Other	1	\$500
514.A.6	Other	1	\$5,000
514.A.7	Other	1	\$750
514.A.9	Other	2	\$6,000
522	Other	2	\$15,000
524.A.1	Other	2	\$15,000
527.D	Other	1	\$10,000
540	Other	1	\$90,000
573	Other	1	\$150,000
956	Other	3	\$1,816,667
559	Position or Margin Limit Violation	1	\$1,000
559.F.1	Position or Margin Limit Violation	1	\$20,000
559.F.2	Position or Margin Limit Violation	1	\$20,000
559.F.3	Position or Margin Limit Violation	1	\$20,000
562	Position or Margin Limit Violation	60	\$1,798,500
930.A	Position or Margin Limit Violation	2	\$100,000
930.D	Position or Margin Limit Violation	4	\$450,000
930.E	Position or Margin Limit Violation	1	\$50,000
930.E.1	Position or Margin Limit Violation	7	\$525,000

930.E.1.A	Position or Margin Limit Violation	6	\$650,000
930.E.1.B	Position or Margin Limit Violation	6	\$650,000
930.E.2	Position or Margin Limit Violation	7	\$600,000
930.E.2.A	Position or Margin Limit Violation	6	\$650,000
930.E.2.B	Position or Margin Limit Violation	6	\$650,000
930.E.2.C	Position or Margin Limit Violation	1	\$150,000
930.F	Position or Margin Limit Violation	16	\$1,475,000
930.J.1	Position or Margin Limit Violation	1	\$100,000
930.K	Position or Margin Limit Violation	1	\$25,000

Rule Number	Rule Type	Count	Total Fine
930.K.1	Position or Margin Limit Violation	3	\$75,000
970.A.1	Position or Margin Limit Violation	6	\$525,000
971.A	Position or Margin Limit Violation	11	\$925,000
971.A.1	Position or Margin Limit Violation	15	\$900,000
971.A.2.A	Position or Margin Limit Violation	4	\$300,000
971.A.2.B	Position or Margin Limit Violation	2	\$100,000
971.A.2.C	Position or Margin Limit Violation	1	\$50,000
971.A.4	Position or Margin Limit Violation	1	\$50,000
980.B.3	Position or Margin Limit Violation	8	\$650,000
982	Position or Margin Limit Violation	4	\$1,200,000
982.A	Position or Margin Limit Violation	1	\$100,000
526.F	Providing and Keeping Records	63	\$3,928,500
526.F.7	Providing and Keeping Records	1	\$2,000
536	Providing and Keeping Records	1	\$50,000
536.2	Providing and Keeping Records	1	\$650,000
536.A	Providing and Keeping Records	1	\$90,000
536.B.1	Providing and Keeping Records	2	\$3,000
536.B.2	Providing and Keeping Records	3	\$660,500
536.C	Providing and Keeping Records	1	\$4,000
536.D	Providing and Keeping Records	1	\$2,000
536.E	Providing and Keeping Records	10	\$817,500
536.F	Providing and Keeping Records	2	\$5,000
536.H	Providing and Keeping Records	5	\$220,000
561.A	Providing and Keeping Records	3	\$365,000
561.C	Providing and Keeping Records	1	\$650,000
807	Providing and Keeping Records	3	\$4,500
811	Providing and Keeping Records	4	\$335,000
853.A	Providing and Keeping Records	2	\$40,000
853.A.1.I	Providing and Keeping Records	1	\$20,000
853.A.1.II	Providing and Keeping Records	1	\$20,000
853.A.1.III	Providing and Keeping Records	1	\$20,000
853.A.6	Providing and Keeping Records	2	\$24,000

854.C	Providing and Keeping Records	1	\$130,000
930.E.3	Providing and Keeping Records	10	\$1,075,000
951	Providing and Keeping Records	1	\$100,000
970.A	Providing and Keeping Records	2	\$150,000
970.A.2	Providing and Keeping Records	1	\$150,000
970.A.4	Providing and Keeping Records	5	\$500,000
971.A.3	Providing and Keeping Records	1	\$50,000
971.B	Providing and Keeping Records	1	\$100,000
971.E	Providing and Keeping Records	2	\$100,000
971.E.2	Providing and Keeping Records	1	\$100,000
980.A	Providing and Keeping Records	11	\$750,000
980.B	Providing and Keeping Records	3	\$300,000
980.B.1	Providing and Keeping Records	4	\$350,000

Rule Number	Rule Type	Count	Total Fine
980.B.2	Providing and Keeping Records	4	\$350,000
980.C	Providing and Keeping Records	1	\$150,000
980.G	Providing and Keeping Records	10	\$2,475,000
575.A	Spoofing	152	\$7,775,000
575.A.1	Spoofing	2	\$60,000
575.B	Spoofing	36	\$3,865,000
575.D	Spoofing	44	\$3,540,000
534	Wash Trading	144	\$5,505,000

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The views expressed herein are solely those of the authors and do not necessarily represent the views of Cornerstone Research.



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