CHICAGO MERCANTILE EXCHANGE
NOTICE OF DISCIPLINARY ACTION

FILE NO.: **CME 22-1640-BC**

NON-MEMBER: **Marcio Tavares**

CME RULE VIOLATIONS: **Rule 432 General Offenses (in part)**

It shall be an offense:

L.1. To fail to appear before the Board, Exchange staff or any investigative or hearing committee at a duly convened hearing, scheduled staff interview or in connection with any investigation.

Rule 575. Disruptive Practices Prohibited (in part)

All orders must be entered for the purpose of executing bona fide transactions. Additionally, all non-actionable messages must be entered in good faith for legitimate purposes.

A. No person shall enter or cause to be entered an order with the intent, at the time of order entry, to cancel the order before execution or to modify the order to avoid execution.

B. No person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to mislead other market participants.

FINDINGS: On March 22, 2024, the Chief Regulatory Officer issued charges against Marcio Tavares for violating CME Rules 432.L.1., 575.A., and 575.B., based on allegations that on one or more occasions from September 19, 2022, through November 10, 2022, Tavares entered orders in the December 2022 Australian Dollar, December 2022 Euro FX, December 2022 New Zealand Dollar, December 2022 Canadian Dollar, and December 2022 British Pound futures markets with the intent, at the time of order entry, to cancel the order before execution or to modify the order to avoid execution or with the intent to mislead other market participants. Specifically, Tavares entered a large order(s) on one side of the market before placing a smaller aggressive order on the other side of the market. Tavares canceled his large order(s) after his small order on the opposite side of the book was executed. Tavares also placed multiple passive orders deep in the order book for short periods of time without placing any orders on the opposite side of the market and canceled them prior to execution. Tavares entered the passive orders with the intent to cancel and avoid execution.

Lastly, the Panel found that Tavares failed to appear before Exchange staff at a scheduled staff interview.

On July 23, 2024, a Hearing Panel Chair of the CME Business Conduct Committee (“BCC”) found that Tavares failed to submit a written answer to the charges issued against him and that Tavares was deemed to have admitted the charges. Tavares therefore waived his right to a hearing on the merits of the charges.

Pursuant to CME Rule 408.F., a BCC Panel found Tavares guilty of committing the admitted charges and held a penalty hearing thereafter.

PENALTY: Based on the record and the Panel’s findings and conclusions, the Panel ordered Tavares to pay a fine of $70,000. The Panel also permanently suspended Tavares from direct access to any trading floor owned or controlled by CME Group and from direct and indirect access to any designated contract market, derivatives clearing organization, or swap execution facility owned or controlled by CME Group beginning on the effective date below.

EFFECTIVE DATE: August 12, 2024