

**CHICAGO MERCANTILE EXCHANGE
NOTICE OF DISCIPLINARY ACTION**

FILE NO.: CME 23-1663-BC

NON-MEMBER: Kiduk Kwon

**CME RULE
VIOLATIONS:** 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.

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: On April 23, 2024, the Chief Regulatory Officer issued charges against Kiduk Kwon for violating CME Rules 534 and 576 based on allegations that on one or more occasions from June 13, 2022, through March 20, 2023, Kwon entered orders in various Swiss Franc, Japanese Yen, Australian Dollar, and Euro futures and options contracts, and used an Operator ID belonging to another individual on April 3, 2023, to enter orders in Japanese Yen put options. Kwon entered the foreign exchange futures and options orders where he knew or reasonably should have known the purpose of the orders was to avoid taking a bona fide market position exposed to market risk. More specifically, Kwon executed the wash trades to reduce or close positions in his accounts to establish losses and limit his tax exposure.

On August 6, 2024, a Hearing Panel Chair of the CME Business Conduct Committee ("BCC") first determined that Kwon, having failed to submit a written

answer to the charge issued against him, was deemed to have admitted the charges. KWON therefore waived his right to a hearing on the merits of the charges. Pursuant to CME Rule 408.F., a BCC Panel then found Kwon 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 that Kwon pay a fine in the amount of \$50,000 and suspended Kwon's 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 for a period of five years, beginning on the effective date and continuing for five years until the ordered fine is paid in full.

**EFFECTIVE
DATE:**

August 26, 2024