



DISCIPLINARY NOTICE

October 13, 2017

CASE NUMBER 2016-059

SETTLEMENT OF CHARGES AGAINST CHRISTIAN HOFER

Exchange Rule 4.02 - Trade Practice Violations:

Rule 4.02(l)(1)(A)

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to [...] ente[r] an order or market message, or cause an order or market message to be entered, with the intent to cancel the order before execution, or modify the order to avoid execution.

Rule 4.02(l)(2)

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to [...] knowingly ente[r] any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or knowingly entering, or causing to be entered, bids or offers other than in good faith for the purpose of executing bona fide Transactions.

Summary:

A subcommittee of the Exchange's Business Conduct Committee determined that Christian Hofer ("Hofer") may have violated Exchange Rules 4.02(l)(1)(A) and 4.02(l)(2) when, on several occasions between January 1, 2016 and August 2, 2016, Hofer entered orders on the Exchange's Electronic Trading System in the PJM Western Hub Real-Time Peak Daily Fixed Price Future ("PDP") contract that were not for the purpose of executing transactions, but for the purpose of testing connectivity and confirming that his automated trading system was operating as designed.

Penalty:

In accordance with the terms of settlement, in which Hofer neither admitted nor denied the rule violations, Hofer paid a monetary penalty of \$15,000.00 and agreed to cease and desist from future violations of Rules 4.02(l)(1)(A) and 4.02(l)(2).

Effective Date: October 12, 2017

FOR MORE INFORMATION

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