

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

v.

PROPEX DERIVATIVES PTY LTD,
Defendant.

CASE NUMBER:

20CR0039INFORMATION

The UNITED STATES OF AMERICA charges:

COUNT ONE

(Spoofing)

1. From approximately July 2012 and until approximately March 2016 (the "Relevant Period"), in the Northern District of Illinois, Eastern Division, and elsewhere, PROPEX DERIVATIVES PTY LTD, the defendant, knowingly engaged in trading, a practice, and conduct, on and subject to the rules of a registered entity, including the Chicago Mercantile Exchange ("CME"), that was "spoofing," that is, bidding and offering with the intent to cancel the bid and offer before execution by transmitting and causing to be transmitted to a CME Group Inc. server orders for E-mini S&P 500 futures contracts.

2. During the Relevant Period, Jiongsheng ("Jim") Zhao, while acting as a trader at PROPEX DERIVATIVES PTY LTD, devised, implemented, and executed a trading strategy that involved placing thousands of large-volume orders to buy and sell E-mini S&P 500 futures contracts (the "Large Orders") on the CME with the

intent, at the time Zhao placed the Large Orders, to cancel those Large Orders before execution.

3. The CME Group Inc. was a commodities marketplace made up of several exchanges, including the CME, which was based in Chicago, Illinois. During the Relevant Period, the CME was a registered entity, operating as a Designated Contract Market, and subject to regulation by the U.S. Commodity Futures Trading Commission. Market participants trading on the CME were subject to its rules.

4. In total, during the Relevant Period, Zhao's trading activity involved the placement of thousands of Large Orders that directly and proximately caused \$464,300 in actual losses to hundreds of other participants in the market for E-mini S&P 500 futures contracts.

5. When placing the Large Orders, Zhao was acting, at least in part, to benefit PROPEX DERIVATIVES PTY LTD and within the scope of his employment as an agent of PROPEX DERIVATIVES PTY LTD.

All in violation of Title 7, United States Code, Sections 6c(a)(5)(C) and

13(a)(2).

ROBERT A. ZINK
Chief, Fraud Section
Criminal Division
United States Department of Justice

By: _____
Matthew F. Sullivan
Trial Attorney

Justin Weitz
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