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The AMF Enforcement Committee fines a German company and its CEO for manipulating the price of a sovereign bond futures contract

In its decision of 28 May 2021, the Enforcement Committee imposed a fine of €1.2 million on each of the respondents, Global Derivative Trading GmbH and its CEO, Thorsten Wagner, for manipulating the price of a French sovereign bond futures contract.

Please note that the French version of this press release was published on 1 June.

Between 1 July and 13 October 2015, the German company Global Derivative Trading GmbH issued orders on Eurex, the German derivatives regulated market, for futures contracts notably with French fungible Treasury bonds as the underlying asset (FOAT).

The Committee first declared that it had jurisdiction to deal with the breaches of price manipulation alleged against the company and its CEO, on the grounds that the FOAT contracts in question were to be considered as financial instruments linked to the underlying French sovereign bond, traded on venues supervised by the AMF and with which these contracts were closely correlated.

On the merits, the Committee found that during 303 sequences on the FOAT, the involved company had placed orders that gave misleading signals as to the supply of, demand for and price of the FOAT. In this respect, the Committee noted that the company had issued passive

orders for significant and atypical quantities of contracts, which created strong pressure on one side of the order book at the three best limits, thus creating some doubt as to the reality of supply and demand, before the mass cancellation of these orders. The Committee also found that the investigation data established that the company's passive orders, described as decoy orders, had distorted the representation of supply, demand and price of the FOAT for all the sequences in question.

The Committee considered that the company's interventions in 207 sequences on the FOAT constituted price manipulation, insofar as these interventions secured it a dominant position in the order book, resulting in the creation of unfair trading conditions.

In assessing the sanctions, the Committee took into account, in particular, the seriousness of the breaches, the amount of profit made, estimated at almost €340,000 for 180 sequences on the FOAT, and the prejudice for other market participants who suffered from the unfair trading conditions on the FOAT.

An appeal may be lodged against this decision.

About the Enforcement Committee

The Enforcement Committee, which is made up of judges and professionals, has total freedom to make decisions. It can impose sanctions on any person or company whose practices contravene laws and regulations that fall within the jurisdiction of the AMF. It ratifies settlement agreements signed by the Secretary General and respondents. And it takes part in the AMF's educational efforts by clarifying financial regulations when explaining its decisions.

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