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UNITED STATES OF AMERICA
BEFORE THE
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:	)	
	)	
Bunge Global Markets, Inc.,	)	CFTC Docket No. 11-10
	)	
Respondent.	)	
	)	

ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT AND MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS

I.

The Commodity Futures Trading Commission ("Commission") has reason to believe that Bunge Global Markets, Inc. ("BGM") has violated Sections 4c(a)(2)(B) and 9(a)(2) of the Commodity Exchange Act ("Act"), as amended, 7 U.S.C. § 6c(a) and 13(a)(2) (2006). Therefore, the Commission deems it appropriate and in the public interest that a public administrative proceeding be, and hereby is, instituted to determine whether BGM engaged in the violations as set forth herein and to determine whether an order should be issued imposing remedial sanctions.

II.

In anticipation of the institution of this administrative proceeding, BGM has submitted an Offer of Settlement ("Offer"), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, BGM consents to the entry of and acknowledges service of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Act and Making Findings and Imposing Remedial Sanctions ("Order").[1]

[1] BGM consents to the entry of this Order and the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that BGM does not consent to the use of the Offer, or the findings or conclusions consented to in this Order, as the sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce the terms of this Order. Nor does BGM consent to the use of the Offer or this Order, or the findings or conclusions consented to in the Offer or this Order, by any other party in any other proceeding.

III.

The Commission finds the following:

A. Summary

On two separate dates in March 2009, two employees of, and traders for, BGM entered electronic orders for Chicago Board of Trade ("CBOT") soybean futures contracts on Globex, the CME Group, Inc.'s ("CME") electronic trading platform, during Globex's pre-opening session. Although these orders could not be executed in the pre-opening session, they would become executable on the open. The traders entered the orders for the sole purpose of determining the depth of support for soybean futures at specific price levels before the market opened. The traders had no intention of allowing the orders to be executed and ultimately cancelled them prior to the open.

The entry of the orders significantly affected Globex's Indicative Opening Price ("IOP") for the May 2009 soybean contract during the pre-opening session. The CME sends IOP information to Globex users and to the CME market data feed. Once the information is sent to the CME market data feed, it is available to publishers of financial data, such as Bloomberg and Reuters, who disseminate the information to the general public. The BGM traders sought to gain an advantage over other traders. By entering orders at prices that were above or below the prevailing bid or offer, they were able to move the IOP up or down and determine the support at specific price levels. If successful, they would have obtained information that was unavailable to other traders.

Because the traders had no intention of allowing the orders to be executed, placing the orders caused prices to be reported that were not true and bona fide in violation of Section 4c(a)(2)(B) of the Act, as amended, 7 U.S.C. § 6c(a). In addition, because the traders had no intention of allowing the orders to be executed, the orders constituted false, misleading or knowingly inaccurate reports concerning crop or market information that affected or tended to affect the price of soybeans in violation of Section 9(a)(2) of the Act, as amended, 7 U.S.C. § 13(a)(2).

B. Respondent

Bunge Global Markets, Inc. is a Delaware corporation with its principal place of business in White Plains, New York. It is a subsidiary of Bunge Limited that executes proprietary trades in agricultural futures and options contracts for Bunge Limited and its various units through execution desks in White Plains, New York and Chicago, Illinois. BGM is not registered with the Commission in any capacity.

C. Facts

1. BGM's Operations

Bunge Limited's orders for futures and options in the soybean complex (soybeans, soybean meal and soybean oil) are processed through BGM's execution desks in White Plains and Chicago. The orders are centralized at these two desks to increase efficiency and improve risk management. The orders are all proprietary and come from Bunge Limited's field operations (generally crushing facilities and grain elevators).

The two traders who placed the IOP orders are responsible for processing Bunge Limited's orders. Their duties include ensuring that orders are executed at the best possible prices. In addition to executing orders received from Bunge Limited's field operations, the traders are authorized to initiate positions on behalf of BGM if they believe that maintaining a position in the market will benefit BGM. The traders may eventually use these positions to satisfy incoming orders or, if not, they try to trade out of the position profitably.

2. The Pre-Opening Session

There are two trading sessions for soybean futures - day and overnight (in March 2009, the times for these trading sessions were 9:30 a.m. CST– 1:15 p.m. CST for the day session and 7:00 p.m. CST – 6:00 a.m. CST for the overnight session). In addition, there is a pre-opening session (in March 2009 the pre-opening session was 6:00 a.m. CST – 9:30 a.m. CST). The purpose of the pre-opening session is to help determine at what price the market will open for the day trading session. Only Globex users are able to enter orders in the pre-opening session. Unless cancelled prior to the open, these orders become executable when the market opens. There is a 30 second "lock down" period during which Globex users can enter new orders but not modify or cancel existing orders. In March 2009, the lock down period began at 9:29:30 a.m. CST and the market opened for trading at 9:30:00 a.m. CST.

3. The Indicative Opening Price

The IOP is the price at which a CME product is expected to trade at the opening of trading, if the existence of matching bids and offers makes that possible, or the opening bid or offer if no trade occurs. At pre-defined times prior to the opening, a CME Globex algorithm calculates an IOP based upon pre-opening orders that have been entered for the product. Trading begins at an equilibrium price that falls within the overlap of the bid and offer prices (*i.e.*, where the bids and offers converge). The IOP is broadcast to all CME Globex users and to the CME market data feed. The CME market data feed is available to publishers of financial data who purchase the data and disseminate the information.

4. The Activity on March 31, 2009

At approximately 7:31 a.m. on March 31, 2009, one of the two BGM traders began entering 500-contract buy orders at prices above the prevailing bid. Between 7:31 a.m. and 7:44

a.m. the trader entered 101 orders for 500 contracts each. These orders caused the IOP to move limit up.[2] The Globex Control Center ("GCC") began to receive calls during the pre-opening session from other traders who reported their perception that their orders were not updating the IOP. The GCC contacted the CME's Department of Market Regulation, who contacted BGM about the activity. BGM's trader then cancelled all of the orders. After the trades were cancelled, the IOP moved lower. The trader subsequently acknowledged that he placed the orders without any intention of executing them. He said his purpose in entering the orders was to determine the depth of support at specific price levels by causing the IOP to move up.

5. The Activity on March 11, 2009

At approximately 7:43 a.m. CST, on March 11, 2009, the second BGM trader entered two 500-contract buy orders at a price above the prevailing bid, and the IOP moved higher. At approximately 7:54 a.m., the trader cancelled the orders and the IOP decreased. At approximately 7:55 a.m. he entered three 500-contract buy orders – again significantly above the prevailing bid – and the IOP increased. Shortly thereafter, he began modifying the orders by increasing the bid. Each time he modified the orders, the price was above the prevailing bid and the IOP moved higher. He then cancelled the buy orders and began to enter sell orders below the prevailing offer, thereby moving the IOP lower. At approximately 7:56 a.m., he cancelled all of the sell orders. At approximately 7:57 a.m., he began entering buy orders above the market, all of which he cancelled at 8:12 a.m. The trader acknowledged that on occasion he had entered orders in the pre-opening that he did not intend to fill for the purpose of probing the market and that the 500-contract orders he entered on March 11 were such orders.

D. Legal Discussion

1. BGM, Acting through Its Agents and Employees, Caused a Price that was not True and Bona Fide to be Reported in Violation of Section 4c(a)(2)(B) of the Act

BGM, acting through its agents and employees, violated Section 4c(a)(2)(B) of the Act by: (1) offering to enter into the execution of transactions; (2) involving the purchase or sale of a commodity for future delivery that; (3) caused a price to be reported, registered, or recorded that was not true and bona fide.

The BGM traders knowingly placed orders for soybean futures contracts that they did not intend to allow to be executed. The orders caused the IOP to reflect prices that were not true and bona fide. The CME reported the prices to other Globex users as well as to anyone obtaining the information from publishers of the information.

[2] A limit move is the maximum price advance or decline from the previous day's settlement price permitted in one trading session, as determined by the exchange.

2. BGM, Acting through Its Agents and Employees, Delivered False, Misleading or Knowingly Inaccurate Reports Concerning Market Information that Affected or Tended to Affect the Price of a Commodity in Interstate Commerce in Violation of Section 9(a)(2) of the Act

BGM, acting through its agents and employees, violated Section 9(a)(2) of the Act. To state a claim for false reporting in violation of Section 9(a)(2) of the Act, the Commission must show "(1) that a defendant knowingly delivered market reports or market information through interstate commerce, (2) that the information was knowingly false or misleading; and (3) that the information affected or tended to affect the price of a commodity in interstate commerce." *United States v. Valencia*, 394 F.3d 352 (5th Cir. 2004); *see also CFTC v. Johnson*, 408 F. Supp. 2d 259, 267 (S.D. Tex. 2005) (same).

The BGM traders knowingly delivered false orders into the soybean futures markets. The orders were false and misleading because they did not intend to execute the orders. These orders were included in the IOP, which was published to persons and entities that use such data to make pricing decisions relating to the purchase or sale of soybeans, a commodity in interstate commerce.

By this settlement, the Commission stresses that conduct intentionally designed to disrupt fair and equitable trading, whether occurring at the pre-opening, during the trading day, or at the close, will not be tolerated.

IV.

FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), BGM is liable for the acts of its employees and thereby violated Sections 4c(a)(2)(B), and 9(a)(2) of the Act, 7 U.S.C. §§ 6c(a) and 13(a)(2).

V.

OFFER OF SETTLEMENT

BGM has submitted an Offer in which it acknowledges service of the Order and admits the jurisdiction of the Commission with respect to the matters set forth in the Order and waives (1) the service and filing of a complaint and notice of a hearing; (2) a hearing and all post-hearing procedures, (3) judicial review by any court, (4) any objection to the participation by any member of the Commission's staff in the Commission's consideration of the Offer; (5) any and all claims that it may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-68 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from this proceeding; (6) any and all claims that it may possess under the Equal Access to Justice Act, 5 U.S.C. § 504

(2006) and 28 U.S.C. § 2412 (2006), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. §§ 148.1-30 (2010); and (7) any claim of Double Jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief.

BGM stipulates that the record basis upon which this Order is entered shall consist solely of the findings in this Order to which BGM has consented to in the Offer. BGM consents to the entry of this Order, which: (1) makes findings by the Commission that BGM violated Sections 4c(a)(2)(B) and 9(a)(2) of the Act; (2) orders BGM to cease and desist from violating Sections 4c(a)(2)(B) and 9(a)(2) of the Act; (3) orders BGM to pay a civil monetary penalty in an amount of $550,000 (Five Hundred Fifty Thousand Dollars), plus post-judgment interest, within ten (10) days of the date of the entry of this Order, and (4) orders BGM and its successors and assigns to comply with the undertaking consented to in its Offer and set forth below in Section VI of this Order.

Upon consideration, the Commission has determined to accept BGM's Offer.

VI.

ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

A. BGM shall cease and desist from violating Sections 4c(a)(2)(B) and 9(a)(2) of the Act.

B. BGM shall pay a civil monetary penalty in the amount of five hundred fifty thousand dollars ($550,000), plus post-judgment interest, within ten (10) days of the date of the entry of this Order (the "CMP Obligation"). Should BGM not satisfy its CMP Obligation within ten (10) days of the date of entry of this Order, post judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961. BGM shall pay this penalty by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made by other than electronic funds transfer, the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
ATTN: Marie Bateman AMZ-300
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: 405-954-6569

If payment by electronic funds transfer is chosen, BGM shall contact Marie Bateman or her successor at the above address to receive payment instructions and shall fully comply with those instructions. BGM shall accompany payment of the penalty with a cover letter that identifies BGM and the name and docket number of this proceeding. BGM shall simultaneously transmit copies of the cover letter and the form of payment to: 1) the Director, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Center, 1155 21st Street, N.W., Washington, DC 20581, 2) the Chief, Office of Cooperative Enforcement, Division of Enforcement, Commodity Futures Trading Commission, at the same address, and 3) Regional Counsel, Commodity Futures Trading Commission, Chicago Regional Office, 525 West Monroe, 11th Floor, Chicago, IL. 60661. In accordance with Section 6(e)(2) of the Act, 7 U.S.C. § 9a(2), if this amount is not paid in full within fifteen (15) days of the due date, BGM shall be prohibited automatically from the privileges of all registered entities, and, if registered with the Commission, such registration shall be suspended automatically until it has shown to the satisfaction of the Commission that payment of the full amount of the penalty, with interest thereon to the date of the payment, has been made.

C. BGM and its successors and assigns shall comply with the following undertaking set forth in its Offer: Neither BGM nor any of its successors, assigns, nor their agents or employees under their authority or control, shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order, or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect BGM's (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. BGM and its successors and assigns shall take all steps necessary to assure that all of their agents and employees under their authority or control understand and comply with this undertaking.

The provisions of this Order shall be effective on this date.

By the Commission

David A. Stawick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: March 22, 2011