CFTC Whistleblower Alert: Be on the Lookout for Insider Trading or Improper Use of Information

The Whistleblower Office of the Commodity Futures Trading Commission (CFTC) is issuing this alert to inform members of the public about how they may make themselves eligible for both financial awards and certain protections while helping stop the improper use confidential information.

What is insider trading? What is an improper use of information?

Section 6(c)(1) of the Commodity Exchange Act and CFTC Regulation 180.1 prohibit, among other things, trading on the basis of material nonpublic information (MNPI) in breach of a pre-existing duty or trading on the basis of MNPI that was obtained by fraud or deception. In addition, market participants are required to safeguard client or counterparty information in many circumstances, and failing to do so may violate CFTC Regulations 23.410, 155.3, or 155.4.

What types of misconduct should you be on the lookout for?

The CFTC has charged individuals who had a duty to protect MNPI but misappropriated it instead, such as *In re Mark Sitzmann*, *In re Jon P. Ruggles*, *In re Arya Motazedi* or *CFTC v. EOX.* The Commission is concerned with conduct such as:

- Trading on market moving information that the **source had a duty to protect**
- Brokers **front running customer orders** or taking the other side of any customer order without consent
- Tipping or trading using MNPI **obtained by virtue of employment**
- Trading on MNPI that was **obtained by fraud or deception**
- FCMs or brokers **improperly disclosing customer orders** or other MNPI
- Swap dealers or major swap participants **improperly disclosing MNPI or using MNPI** provided by a counterparty without the counterparty's consent

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What can you do if you suspect misconduct?

You do **not** need to be an "insider" (like a trader or trading firm employee) to be a whistleblower. **Victims** of fraud and **other market participants** who observe misconduct committed by others may also qualify as whistleblowers. If you see something suspicious, you can

- Complete a [Form TCR (Tip, Complaint, Referral)](#) correctly and as completely as possible
- Provide details that are specific, credible, and timely
- Include as much transactional or identifying information as possible – e.g., names, Tag 50s, etc.
- Attach supporting documents or files to your Form TCR, as long as they are not protected by the attorney-client privilege
- Supplement your Form TCR filing with any additional information via mail, fax, or email

About the CFTC

We are the U.S. regulator charged with ensuring the integrity of the futures & swaps markets.

About the Whistleblower Program

We will pay **monetary awards** to persons who voluntarily provide us with original information on a Form TCR about violations of the CEA or its rules, if that information leads to a successful CFTC enforcement action resulting in more than $1 million in monetary sanctions. The program also affords **confidentiality** and **anti-retaliation protections**.

For more information go to: www.whistleblower.gov
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