



Commodity Futures Trading Commission

Office of Public Affairs

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Q & A – Proposed Interpretive Order on Disruptive Trading Practices

What is the purpose of the Proposed Interpretive Order?

The Proposed Interpretive Order provides guidance on the types of trading, practices, and conduct that constitute violations of the three statutory disruptive practices set forth in section 4c(a)(5) of the Commodity Exchange Act (CEA) as amended by Dodd-Frank Act section 747.

What are the three practices prohibited by the statute?

New CEA section 4c(a)(5) makes it unlawful for any person to engage in any trading, practice, or conduct on or subject to the rules of a registered entity that—

- A. violates bids or offers;
- B. demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; or
- C. is, is of the character of, or is commonly known to the trade as, “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution).

Does the proposed interpretive order prohibit any additional practices?

No. The Commission is not, at this time, proposing to prohibit any additional practices that are disruptive of fair and equitable trading.

Does the proposed interpretive order impose any affirmative duties on market participants?

No. The Commission is not, by this order, proposing to impose any affirmative duties on market participants (e.g., the prohibition on violating bids or offers does not impose a duty of best execution).

Is the Commission seeking comment on the Proposed Interpretive Order?

Yes. The Commission seeks comment on the Proposed Interpretive Order. Comments are due 60 days from the date of publication in the Federal Register.

Are commenters required to respond to all of the proposed guidance?

No. The Commission invites comment on any or all of the guidance proposed in the Interpretive Order.

What is the effect of the Proposed Interpretive Order?

The Proposed Interpretive Order is a proposal – it does not bind the Commission or the public.

What is the next step?

Upon receipt and consideration of all of the comments received, the Commission will consider whether to issue a Final Interpretive Order, which will have binding effect.