

Red Flags of Market Manipulation

- The vast majority of market manipulation cases contain, upon reflection, red flags of potential market manipulation that if addressed may have prevented the manipulation or detected the manipulation much sooner. Talk to company lawyers and compliance personnel if you see red flags waving.
- Those red flags are as follows:
 - Not caring about the underlying transaction being transacted – only the impact of that transaction on another transaction – and the underlying transaction is trying to affect that other transaction. Always ask yourself, but for trying to move (or prevent the movement of) another position or obtain other benefits (such as rebates, lost opportunity costs) would you have entered into the underlying transaction or bid in a certain way?
 - Without a change in supply/demand fundamentals, bids or actions significantly deviate from prior periods or by market locations.
 - Too easy to make money – bidding prices using gimmicks, deficiencies in ISO computer systems, etc., and not based on supply/demand fundamentals.