

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022076871201**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Jin Yi Lim (Respondent)
Former General Securities Representative
CRD No. 6925280

Pursuant to FINRA Rule 9216, Respondent Jin Yi Lim submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Lim first became registered with FINRA as a General Securities Representative (GS) in April 2018 through an association with a FINRA member firm. In August 2021, Lim registered with FINRA as a GS through his association with Barclays Capital Inc. (CRD No. 19714). On July 26, 2023, Barclays filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Barclays had terminated Lim's "registration, after a foreign affiliate of the firm terminated his employment, over concerns that the representative, on several instances, cancelled certain orders that were placed opposite the side in which the representative had also placed a comparatively smaller sized order in the same financial instrument."

Although Lim is no longer registered or associated with any FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.¹

OVERVIEW

From February 2022 through June 2022, Lim, while associated with Barclays, engaged in 32 instances of "spoofing," a type of fraudulent trading, in U.S. Treasury securities. Therefore, Lim violated FINRA Rule 2010 by acting in contravention of Section 17(a)(3) of the Securities Act of 1933 and is suspended 12 months and fined \$17,500.

¹ For more information about the respondent, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from surveillance conducted by FINRA.

Spoofing violates FINRA Rule 2010 by contravening Securities Act Section 17(a)(3).

FINRA Rule 2010 requires persons associated with a FINRA member, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.”

Section 17(a)(3) of the Securities Act of 1933 prohibits any person in the offer or sale of securities engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. Acting in contravention of Section 17(a)(3) violates FINRA Rule 2010.

Spoofing is a type of fraudulent trading that involves placing non-bona fide orders (*i.e.*, orders that the trader does not intend to have executed) in a security, which can be used to create the false appearance of market activity on one side of the market to induce other market participants to execute against bona fide orders entered on the opposite side of the market in the same security or a correlated product. Spoofing may deceive other market participants into trading at a time, price, or quantity that they otherwise would not have and therefore violates FINRA Rule 2010 by contravening Section 17(a)(3).

Trading in the U.S. Treasury market.

U.S. Treasury securities are debt instruments issued by the U.S. government through public auctions and subsequently traded in the secondary, or “cash,” market. As of October 2024, outstanding U.S. Treasury securities were valued at \$28 trillion. U.S. Treasury securities range in maturity from U.S. Treasury Bills (as short as four weeks) to U.S. Treasury Bonds (up to 30 years).

The U.S. Treasury securities market is highly liquid, and the cash market includes an active inter-dealer market on electronic trading platforms. On these platforms, U.S. Treasury securities generally trade in very narrow bid-offer spreads. Electronic trading platforms maintain “order books” viewable to market participants that incorporate displayed buy and sell orders. Each order book shows market participants the displayed quantity available on its platform on both the buy and sell side for each security at the “best” or “inside” prices and several price points below.

The displayed quantity is often referred to as the “stack.” A stack can either be balanced (*i.e.*, a similar displayed quantity at both the bid and offer prices) or imbalanced (*i.e.*, more displayed quantity at either the bid or offer price). Market participants regularly incorporate the stack and any apparent imbalance into their trading decisions. Market participants may consider liquidity and market depth in the stack to determine whether there is generally more interest to buy or to sell, and thus whether the next

transaction will occur at the bid (buy) price, the offer (sell) price, or if a corresponding price change is likely.

For example, market participants may conclude that the bid or buy price may increase towards the existing offer or sell price if the stack is displaying more quantity on the buy side. In such a scenario, market participants might (1) increase their resting order prices, (2) withdraw any orders resting at the inside sell price, or (3) place aggressive buy orders (*i.e.*, at a higher price than the currently resting buy orders in the market)—all making execution of other participants' resting sell orders more likely. Accordingly, market participants generally pay close attention to changes in the stack's balance.

U.S. Treasury market participants can choose to fully display the quantity of their orders or enter them as "iceberg" orders with only a portion of the quantity displayed. For example, a market participant with a \$25 million sell order of 5-year U.S. Treasury Notes may choose to display only \$1 million in quantity, leaving the remaining \$24 million hidden from the market. Market participants frequently use iceberg orders to manage order exposure and mitigate potential price impact. Iceberg orders are permissible but, if used improperly, can facilitate fraudulent trading by concealing the participant's true trading interest. For example, in a spoofing scheme, a trader may place an iceberg order on one side of the market and a large, fully displayed order on the opposite side to create the appearance of an imbalanced stack, thereby pushing the market into the side where the iceberg order is pending.

From February 2022 through June 2022, Lim engaged in 32 instances of spoofing.

Lim, while associated with Barclays and a USD Rates Desk trader, traded U.S. Treasury securities to facilitate customer order flow, either after receiving an order from a customer, or to build inventory in expectation of such orders. Lim maintained a larger inventory and traded more in shorter-maturity U.S. Treasury securities, including 5- and 10-year Notes, than in longer-maturity securities.

From February 2022 through June 2022, Lim engaged in 32 instances of spoofing. In each instance, Lim entered a larger, fully displayed order on one side of the market (generally for \$25 or \$50 million) in 5- or 10-year Notes with intent to cancel that order at the time he placed it. Lim generally placed each larger, fully displayed order at the inside price on the electronic trading platform where most of the order's quantity was routed. Simultaneously, Lim had a smaller, iceberg order on the opposite side of the market in the same product, also generally at the inside price. Other market participants would react to Lim's larger, fully displayed order by (1) moving their resting order prices up or down, (2) withdrawing any orders resting opposite the larger, fully displayed order, or (3) placing aggressive orders to execute against orders resting opposite the larger, fully displayed order—all making execution of Lim's smaller resting order more likely.

In 15 of the 32 instances, Lim received executions on his smaller, iceberg orders while his larger, fully displayed orders were in the market. In each of the 32 instances, because

Lim intended to cancel each larger, fully displayed order at the time he placed it, these orders falsely signaled a shift in buy or sell interest through their impact on the stack.

Lim's spoofing on June 30, 2022.

An example of Lim's spoofing took place on June 30, 2022, when Lim falsely signaled a \$50 million increase in sell interest by entering a fully displayed order to sell \$50 million of 10-year Notes and cancelling it with no executions in 2.637 seconds. During the time Lim's sell order was active, he received \$3 million in executions on his resting iceberg order to buy \$25 million of 10-year Notes:

- At 01:02:56.627, Lim entered an iceberg order to buy \$25 million of 10-year Notes at a new inside price of \$98.25, with \$1 million displayed to the market.
- At 01:03:01.070—before the iceberg order received any executions—Lim entered a fully displayed order to sell \$50 million of 10-year Notes at \$98.265625. As a fully displayed order, the entire \$50 million quantity was displayed on electronic trading platforms. The order was at the inside sell price on the electronic trading platform where most of its quantity was routed, and increased visible sell interest on that platform from \$14 to \$58 million, or 314%.
- Within 13 milliseconds of placing the fully displayed sell order, Lim received \$3 million in executions on his resting iceberg buy order.
- Lim cancelled his fully displayed sell order at 01:03:03.707—or 2.637 seconds after entering it—during which time he received no executions on the sell order.
- Lim received no further executions on the iceberg buy order before cancelling it approximately fifteen seconds later at 01:03:18.656.

Through this and the other 31 instances of spoofing, Lim violated FINRA Rule 2010 by acting in contravention of Section 17(a)(3) of the Securities Act of 1933.

B. Respondent also consents to the imposition of the following sanctions:

- a 12-month suspension from associating with any FINRA member in all capacities and
- a \$17,500 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against him;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

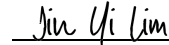
Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

January 22, 2025

Date



Jin Yi Lim

Respondent

Reviewed by:



David R. Chase

Counsel for Respondent

Law Firm of David R. Chase, P.A.

1700 East Las Olas Boulevard, Suite 305

Fort Lauderdale, FL 33301

Accepted by FINRA:

Signed on behalf of the
Director of ODA, by delegated authority

January 29, 2025

Date



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