Extradition Hearing For U.K. Trader Is Delayed Until 2016

BY CHIARA ALBANESE

LONDON—Navinder Singh Sarao, the British trader who allegedly contributed to the 2010 stock market "flash crash," must wait until next year to learn his fate after his U.S. extradition hearing was pushed back.

At a hearing in central London on Friday, District Judge Quentin Purdy agreed to the defense lawyer's request to adjourn the hearing, setting a new date in February next year, after U.S. prosecutors released evidence overnight alleging that Mr. Sarao started to use illegal trading strategies in January 2009, six months earlier than previously claimed.

Documents also provided details on the trading software allegedly used by the British trader to manipulate markets, the lawyer representing U.S. authorities told the court.

The trader, who spoke only to confirm his name and address and to deny giving his voluntary consent to extradition, was represented in court by Joel Smith, while lead counsel James Lewis was absent due to an injury.

Mr. Sarao is facing criminal charges from the U.S. Justice Department and a civil case from the U.S. Commodity Futures Trading Commission.

He was released on bail in August following a five-month detention in jail. Since his arrest, the trader has spoken in his defense only once, when he said he had done "nothing wrong" during a court hearing in May.

U.S. authorities allege that Mr. Sarao earned $40 million in profits by using an illegal trading strategy known as "spoofing" and contributed to the swift drop in stocks on May 6, 2010, known as the flash crash.

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The U.S. Justice Department has alleged the trader worked with a customized version of software known as the matrix in a deliberate attempt to "spoof" markets, according to an indictment made public by a Chicago court earlier this month.

When spoofing markets, a trader places big orders for stocks, bonds or futures to move the price of the security up or down. The trader then cancels the order just before it is executed and trades in the opposite direction, taking advantage of the temporary move in the price.