

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF THE
CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED

In the Matter of:)	
)	
Okoboji Options, L.L.C.)	
440 South LaSalle Street, Suite 1725)	File No. 11-0040
Chicago, IL 60605)	
)	
Respondent)	
)	

DECISION VACATING SUMMARY PROCEEDINGS
AND ACCEPTING OFFER OF SETTLEMENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the Chicago Board Options Exchange, Incorporated (the “Exchange”) as a result of an investigation by the staff of the Exchange, which indicated that there was probable cause for finding a violation within the disciplinary jurisdiction of the Exchange. In accordance with that determination, the Committee directed the issuance of a Statement of Charges. Having failed to file a written answer to the Charges, the respondent (“Respondent”), Okoboji Options, L.L.C. (“Okoboji”), was deemed to have admitted the violations contained therein and the Committee determined to institute Summary Proceedings and impose a sanction against the Respondent as to those violations. Although Okoboji requested that the Committee vacate the Notice of Summary Proceedings more than ten (10) days from the date of service of the Notice of Summary Proceedings, the Committee determined pursuant to Exchange Rule 17.13, to grant the Respondent an extension of time to move to vacate the Notice of Summary Proceedings and set the matter for hearing in accordance with Exchange Rule 17.7. Pursuant to Exchange Rule 17.8, the Respondent submitted an offer of settlement (“Offer of Settlement”).

In submitting the Offer of Settlement, the Respondent neither admitted nor denied the violations alleged in the Statement of Charges.

The Respondent has agreed that the determination of the Committee to accept the Offer of Settlement shall constitute a final Decision, and, as provided in Exchange Rule 17.8, the Respondent may not seek review thereof.

The Respondent understands and acknowledges that the Committee’s decision in this matter will become part of its disciplinary record and may be considered in any future Exchange proceeding.

With due regard to the particulars of this matter, the Committee believes it is appropriate to accept the Respondent’s Offer of Settlement based on the following stipulated facts and findings and thereby to impose the sanction specified below.

FACTS

1. During all relevant periods, Okoboji, an Exchange Trading Permit Holder, was registered to transact business on the Exchange in accordance with Exchange Rules as a Market-Maker and Floor Broker. Okoboji also conducted a proprietary trading business in stocks, options and financial futures.
2. During all relevant periods in which the activity noted below occurred, Okoboji was acting as a registered broker-dealer.
3. During all relevant periods herein, Exchange Rules 3.6A – Qualification and Registration of Certain Associated Persons, 4.2 – Adherence to Law and 15.1 Maintenance, Retention and Furnishing of Books, Records and Other Information; and Section 17(a) of Securities and Exchange Act of 1934, as amended (the “Act”) and Rule 17a-4 – Records to Be Preserved by Certain Members, Brokers and Dealers thereunder, were in full force and effect.
4. In or about March 2011, the Exchange conducted a Routine Financial and Operational Examination of Okoboji which included, but was not limited to, a review of the policies, procedures, and practices of Okoboji’s books and records and registration of associated persons.
5. Pursuant to Exchange Rule 3.6A, individual Trading Permit Holders and individual associated persons engaged or to be engaged in the securities business of a Trading Permit Holder or TPH organization shall be registered with the Exchange in the category of registration appropriate to the function to be performed as prescribed by the Exchange. Before the registration can become effective, the individual Trading Permit Holder or individual associated person shall submit the appropriate application for registration, pass a qualification examination appropriate to the category of registration as prescribed by the Exchange.¹
6. In or about March 2011, Okoboji failed to register 6 of its associated persons by January 11, 2011 as prescribed in Paragraph 5 above.
7. In or about March 2011, Okoboji failed to retain attachments to its email communications in a write once read many (“WORM”) format.

FINDINGS

The acts, practices and conduct described in Paragraph 6 above constitute a violation of Exchange Rule 3.6A, by Okoboji, in that Okoboji failed to register 6 of its associated persons

¹ See Securities Exchange Act Release No. 63314 (November 12, 2010), 75 FR 70957 (November 19, 2010) (SR-CBOE-2010-084), which provides, in relevant part, “CBOE and CBSX will require all individual TPHs and individual associated persons not already registered in WebCRD to register under Rule 3.6A within 60 days of the date of this Order (January 11, 2011). Also See: CBOE Regulatory Circular RG10-120.

by January 11, 2011 as prescribed in Paragraph 5 above.

The acts, practices and conduct described in Paragraph 7 above constitute a violation of Exchange Rules 4.2 and 15.1; Section 17(a) of the Act and Rule 17a-4 thereunder, by Okoboji, in that Okoboji failed to retain attachments to its email communications in a WORM format.

SANCTION

The sanction to be imposed shall consist of a \$10,000 fine and a censure.

ORDER

ACCORDINGLY IT IS ORDERED, that the Respondent, Okoboji Options, L.L.C. shall be and hereby is censured and fined in the amount of ten thousand dollars (\$10,000).

**SO ORDERED
FOR THE COMMITTEE**

Dated: January 28, 2013

**By: /s/ Bruce Andrews
Bruce Andrews
Chairman
Business Conduct Committee**