

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

_____)
In the Matter of:)
)
Toro Trading, LLC)
120 Broadway, 20th Floor) File No. 12-0012
New York, NY 10271)
)
Respondent)
_____)

DECISION 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 (“Statement of Charges”). Pursuant to Exchange Rule 17.8, the respondent (“Respondent”), Toro Trading, LLC (“Toro Trading”), 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, Toro Trading was a Trading Permit Holder (“TPH”) of the Exchange registered to transact business on the Exchange in accordance with Exchange Rules as a TPH that conducts a proprietary trading business in stocks, options and futures.
2. During all relevant periods in which the activity noted below occurred, Toro Trading was acting as a registered broker/dealer.
3. During all relevant periods herein, Exchange Rule 4.2 - Adherence to Law and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information; and Regulation SHO, promulgated under the Securities Exchange Act of 1934, as amended (“the

Act”) and Rules 200 – Definition of “Short Sale” and Marking Requirements and 204 – Close-Out Requirement thereunder, were in full force and effect.

4. In or about August 2011, the Exchange conducted an examination of Toro Trading that included, but was not limited to, a review of the policies, procedures, and practices of Toro Trading’s Regulation SHO compliance program.
5. In or about August 2011, Toro Trading’s written aggregation unit plan assigned two traders to more than one aggregation unit at the same time.
6. In or about August 2011, Toro Trading failed close-out for ten fail-to-deliver positions within the required timeframe. In addition, Toro Trading failed to notify its clearing firm that it did not perform the close-outs and that it had become subject to the pre-borrow requirement for the positions that were not closed out within the required timeframe.

FINDINGS

The acts, practices and conduct described in Paragraph 5 above constitute a violation of Exchange Rule 4.2; and Regulation SHO promulgated under the Act and Rule 200(f) thereunder by Toro Trading, in that Toro Trading’s written aggregation unit plan assigned two traders to more than one aggregation unit at the same time.

The acts, practices and conduct described in Paragraph 6 above constitute a violation of Exchange Rule 4.2; and Regulation SHO promulgated under the Act and Rule 204 thereunder by Toro Trading, in that Toro Trading failed to notify its clearing firm that it did not perform the close-outs and that it had become subject to the pre-borrow requirement for the positions that were not closed out within the required timeframe.

SANCTION

The sanction to be imposed shall consist of a \$25,000 fine, a censure and undertaking requiring the firm to provide to the CBOE Department of Member Firm Regulation and the Office of Enforcement a copy of Toro Trading’s Regulation SHO written supervisory procedures within 30 days following the issuance of the Decision in this matter.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Toro Trading, LLC shall be and hereby is censured and fined in the amount of twenty-five thousand dollars (\$25,000). In addition, an undertaking requiring the firm to provide to the CBOE Department of Member Firm Regulation and the Office of Enforcement a copy of Toro Trading’s Regulation SHO written supervisory procedures within 30 days following the issuance of the Decision in this matter.

**SO ORDERED
FOR THE COMMITTEE**

Dated: December 20, 2012

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