

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

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In the Matter of:	)	
	)	
Wolverine Trading, LLC	)	
175 West Jackson, Suite 200	)	File No. 12-0030
Chicago, IL 60604	)	
	)	
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”), Wolverine Trading, LLC (“Wolverine”), 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, Wolverine was a Trading Permit Holder of the Exchange registered to transact business on the Exchange in accordance with Exchange Rules as a Market-Maker. Wolverine also conducts a proprietary trading business in stocks, options, financial futures, government bonds and corporate bonds.
2. During all relevant periods in which the activity noted below occurred, Wolverine was acting as a registered broker/dealer.

3. During all relevant periods herein, Exchange Rules 3.6A – Qualification and Registration of Trading Permit Holders and Associated Persons, 4.2 - Adherence to Law and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information; Section 17(a) of the Securities Exchange Act of 1934, as amended (“the Act”) and Rule 17a-3 thereunder; and Regulation SHO, promulgated under the Act and Rule 204 – Definition of “Short Sale” and Marking Requirements thereunder, were in full force and effect.
4. In or about April 2011, the Exchange conducted an examination of Wolverine that included, but was not limited to, a review of the policies, procedures, and practices of Wolverine’s Regulation SHO compliance program and its compliance with the Exchange’s registration requirements.
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.<sup>1</sup>
6. In addition, Exchange Rule 3.6A provides, in relevant part, “each Trading Permit Holder and TPH organization that is a registered broker-dealer shall designate a Chief Compliance Officer on Schedule A of Form BD.”
7. In or about April 2011, Wolverine failed to register 50 of 72 appropriate individuals as Approved Persons by the required date of January 11, 2011.
8. In or about April 2011, Wolverine failed to identify a Chief Compliance Officer on its Form BD.
9. In or about April 2011, Wolverine failed to close out one fail-to-deliver position by the beginning of regular trading hours on the settlement day following the settlement date. In addition, Wolverine failed to notify its clearing firm that due to its failure to close out the short position in the required time frame, it had become subject to the pre-borrow requirements pursuant to paragraph (d) of Regulation SHO Rule 204.

### FINDINGS

The acts, practices and conduct described in Paragraph 7 above constitute a violation of Exchange Rule 3.6A by Wolverine, in that Wolverine failed to register 50 of 72 appropriate individuals as Approved Persons by the required date of January 11, 2011.

The acts, practices and conduct described in Paragraph 8 above constitute a violation of Exchange Rule 3.6A and 15.1 by Wolverine, in that Wolverine failed identify a Chief Compliance Officer on its Form BD.

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<sup>1</sup> 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.

The acts, practices and conduct described in Paragraph 9 above constitute a violation of Exchange Rule 4.2; Section 17(a) of the Act and Rule 17a-3 thereunder; and Regulation SHO and Rule 204 thereunder by Wolverine, in that Wolverine failed to close out one fail-to-deliver position by the beginning of regular trading hours on the settlement day following the settlement date. In addition, Wolverine failed to notify its clearing firm that due to its failure to close out the short position in the required time frame, it had become subject to the pre-borrow requirements pursuant to paragraph (d) of Regulation SHO Rule 204.

**SANCTION**

The sanction to be imposed shall consist of a \$25,000 fine and a censure.

**ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent, Wolverine Trading, LLC shall be and hereby is censured and fined in the amount of twenty-five thousand dollars (\$25,000).

**SO ORDERED  
FOR THE COMMITTEE**

**Dated: November 12, 2012**

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