

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

_____)
In the Matter of:)
)
Legend Trading, L.L.C.) File No. 12-0034
45 Broadway, 32nd Floor)
New York, NY 10006)
)
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”), Legend Trading, L.L.C. (“Legend”), 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, Legend was a CBOE Stock Exchange (“CBSX”) Permit Holder that conducts a proprietary trading business.
2. During all relevant periods in which the activity noted below occurred, Legend was acting as a registered broker-dealer.
3. During all relevant periods herein, Exchange Rules 4.2 – Adherence to Law and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information; and Section 17(a) Securities and

Exchange Act of 1934, as amended (the “Act”) and Rules 17a-3 – Records to be Made by Certain Exchange Members, Brokers and Dealers and 17a-4 – Records to be Preserved by Certain Exchange Members, Brokers and Dealers thereunder, were in full force and effect.

4. In or about May 2011, the Exchange conducted a Routine Financial and Operational Examination of Legend that included, but was not limited to, a review of Legend’s policies, procedures, and practices for its books and records and electronic communication storage.
5. In or about May 2011, Legend failed to ensure it was capturing the electronic correspondence of its associated persons and failed to capture the Firm’s financial statements in a Write Once – Read Many (“WORM”) format.
6. In or about May 2011, Legend failed to establish and maintain adequate supervisory procedures, including, but not limited to the following areas: (i) electronic communication retention; (ii) Regulation SHO aggregation units and order marking; and (iii) books and records related to its associated persons.

FINDINGS

The acts, practices and conduct described in Paragraph 5 above, constitute a violation of Exchange Rules 4.2 and 15.1; Section 17(a) of the Act and Rules 17a-3 and 17a-4 thereunder, by Legend, in that Legend failed to ensure it was capturing the electronic correspondence of its associated persons and failed to capture the Firm’s financial statements in a WORM format.

The acts, practices and conduct described in Paragraph 6 above, constitute a violation of Exchange Rule 4.2 by Legend, in that Legend failed to establish and maintain adequate supervisory procedures, as set forth in Paragraph 6 above.

SANCTION

The sanction to be imposed shall consist of a \$15,000 fine and a censure.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Legend Trading, L.L.C. shall be and hereby is censured and fined in the amount of fifteen thousand dollars (\$15,000).

**SO ORDERED
FOR THE COMMITTEE**

Dated: November 12, 2012

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