

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

_____	)	
In the Matter of:	)	
	)	
Scout Trading, LLC	)	File No. 12-0059
12E 49 <sup>th</sup> Street	)	
12 <sup>th</sup> Floor	)	
New York, NY 10017	)	
	)	
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”), Scout Trading, LLC (“Scout”), 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 herein, Scout was a Trading Permit Holder at the CBOE Stock Exchange, LLC (“CBSX”) and was approved to conduct business as a Remote Market Maker (“RMM”).

2. During all relevant periods herein, Exchange Rule 53.23 – Obligations of CBSX Remote Market-Makers; thereunder, was in full force and effect.
3. During all relevant periods herein, pursuant to Exchange Rule 53.23 *Interpretations and Policies* .01(a), sets forth that: for each security in which the CBSX Remote Market-Maker holds an Appointment, the CBSX Remote Market-Maker shall be willing to buy and sell such security for its own account on a continuous basis by entering and maintaining two-sided quotes when the CBSX Remote Market-Maker is quoting in the security during CBSX Regular Trading Hours; provided, however, that such obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security, as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension, or pause, and shall not re-commence until after the first regular way transaction on the primary listing market in the security following such halt, suspension, or pause, as reported by the responsible single plan processor (the "Two-Sided Obligation"). The interest eligible to be considered as part of a CBSX Remote Market-Maker's Two-Sided Obligation shall have a minimum size of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a CBSX Remote Market-Maker may augment its Two-Sided Obligation size to display limit orders/quotes priced at the same price as the Two-Sided Obligation. Unless otherwise designated, a "normal unit of trading" shall be 100 shares. After an execution against the CBSX Remote Market-Maker's Two-Sided Obligation, a Market Maker must ensure that additional trading interest exists in the Exchange to satisfy the CBSX Remote Market-Maker's Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or by identifying existing interest on the Exchange book that will satisfy this obligation.to provide continuous quotes throughout regular trading hours in all of the securities assigned to a CBSX DPM.
4. Attached to and made a part of the Statement of Charges in File No. 12-0059 is "Appendix A" containing a sampling in which Scout failed to provide and maintain a two-sided 100 share quote in its RMM assignment.
5. During the approximate period from on or about June 3, 2011 through on or about October 4, 2011, Scout, on numerous occasions and in numerous securities, failed to provide and maintain a two-sided 100 share quote in its RMM assignment, as more fully described in Appendix A that was attached to and made a part of the Statement of Charges in File No. 12-0059.

### **FINDINGS**

The acts, practices and conduct described in Paragraph 5 above, constitute violations of Exchange Rule 53.23.01(a) by Scout, in that Scout on numerous occasions and in numerous securities, failed to provide and maintain a two-sided 100 share quote in its RMM assignment.

### **SANCTION**

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

**ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent, Scout Trading, LLC 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**