

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

_____)	
In the Matter of:)	
)	
X-Change Financial Access, L.L.C.)	
440 South LaSalle Street)	Consolidated File Nos. 12-0062
Suite 2930)	and 12-0135
Chicago, IL 60605)	
)	
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”), X-Change Financial Access, L.L.C. (“XFA”), submitted a consolidated 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, the Respondent, XFA, was a Chicago Board Options Exchange, Incorporated (“CBOE”) Trading Permit Holder that conducts an options and futures execution business for other broker-dealers and non-TPH customers.
2. During all relevant periods in which the activity noted below occurred, XFA was acting

as a registered broker/dealer.

3. During all relevant periods herein, Exchange Rule 3.6A – Qualification and Registration of Trading Permit Holders and Associated Persons was in full force and effect.
4. In or about November 2011, the Exchange conducted an examination of XFA that included, but was not limited to, a review of its compliance with the Exchange's registration requirements.
5. The Exchange also conducted a sweep examination of XFA that reviewed its compliance with the requirement to maintain a minimum number of registered and qualified Proprietary Trader Principals in accordance with Exchange Rule 3.6A.
6. 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
7. In accordance with Interpretation .07 to Rule 3.6A, individual associated persons and individual Trading Permit Holders acting in one or more of the following capacities: (i) officer; (ii) partner; (iii) director; (iv) supervisor of proprietary trading, market-making or brokerage activities; and/or (v) supervisor of those engaged in proprietary trading, market-making or brokerage activities with respect to those activities, must register and qualify as a Proprietary Trader Principal (TP) in WebCRD.² In addition, each Trading Permit Holder or TPH organization must have at least two Proprietary Trader Principals registered and qualified in WebCRD.³ The deadline for compliance with these requirements was November 5, 2011.
8. During the approximate period from on or about November 5, 2011 through on or about May 18, 2012, XFA failed to register and qualify its Chief Compliance Officer as a Proprietary Trader Compliance Officer (CT).
9. XFA failed to register the minimum number of individuals required to register as a Proprietary Trader Principal (TP) in WebCRD by November 5, 2011.

¹ See CBOE Regulatory Circulars RG11-077 and RG11-131.

² See CBOE Regulatory Circulars RG11-077 and RG11-131.

³ The Exchange may waive this requirement if a Trading Permit Holder or TPH organization demonstrates conclusively that only one individual acting in one or more of the capacities described in (i) through (v) above should be required to register. In addition, a Trading Permit Holder or TPH organization that conducts proprietary trading only and has 25 or fewer registered persons is required to have a minimum of one officer or partner who is registered in this capacity rather than a minimum of two individuals registered in this capacity.

FINDINGS

The acts, practices and conduct described in Paragraph 8 above constitute a violation of Exchange Rule 3.6A(c) by XFA, in that XFA failed to register and qualify its Chief Compliance Officer as a Proprietary Trader Compliance Officer (CT).

The acts, practices and conduct described in Paragraph 9 above constitute a violation of Exchange Rule 3.6A by XFA, in that XFA failed to register the minimum number of individuals required to register as a Proprietary Trader Principal (TP) in WebCRD by November 5, 2011.

SANCTION

The sanction to be imposed shall consist of a \$10,000 fine, a censure and an undertaking that XFA implement Written Supervisory Procedures for registration and provide copies of the procedures to the Exchange within 60 days of the Decision.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, X-Change Financial Access, L.L.C. shall be and hereby is censured and fined in the amount of ten thousand dollars (\$10,000). In addition, Committee further ordered that XFA implement Written Supervisory Procedures for registration and provide copies of the procedures to the Exchange within 60 days of the Decision.

**SO ORDERED
FOR THE COMMITTEE**

Dated: January 28, 2013

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