

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

_____)
In the Matter of:)
)
Cowen & Company, LLC)
599 Lexington Avenue) File No. 12-0101
New York, NY 10022)
)
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”), Cowen & Company, LLC (“Cowen”), 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, Cowen was an Exchange Trading Permit Holder.
2. During all relevant periods in which the activity noted below occurred, Cowen 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.
4. The Exchange conducted a sweep examination of Cowen 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.

5. 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.¹ In addition, each Trading Permit Holder or TPH organization must have at least two Proprietary Trader Principals registered and qualified in WebCRD.² The deadline for compliance with these requirements was November 5, 2011.
6. Cowen failed to register the minimum number of individuals required to register as a Proprietary Trader Principal (TP) in WebCRD by November 5, 2011.

FINDINGS

The acts, practices and conduct described in Paragraph 6 above constitute a violation of Exchange Rule 3.6A by Cowen, in that Cowen 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 \$5,000 fine and censure.³

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Cowen & Company, LLC shall be and hereby is censured and fined in the amount of five thousand dollars (\$5,000).

**SO ORDERED
FOR THE COMMITTEE**

Dated: February 21, 2013

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

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

² 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.

³ Cowen updated its Written Supervisory Procedures related to registration and qualification of Associated Persons in January 2013 and provided a copy of the relevant section(s) to the Exchange on January 10, 2013.