

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

_____)
In the Matter of:)
)
Hybrid Trading & Resources, LLC)
111 West Jackson Blvd.)
Suite 1146) File No. 13-0039
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”), Hybrid Trading & Resources, LLC (“Hybrid”), 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, Hybrid was an Exchange Trading Permit Holder that was registered with the Exchange to conduct business as a Floor Broker. Hybrid is approved to transact business with the public.
2. During all relevant periods in which the activity noted below occurred, Hybrid was acting as a

registered broker-dealer.

3. During all relevant periods herein, Exchange Rule 4.20 – Anti-Money Laundering Compliance Program was in full force and effect.
4. In or about October 2012, the Exchange conducted a financial and operational examination of Hybrid that reviewed, among other things, Hybrid’s Anti-Money Laundering Compliance Program (“AML Program”).
5. During all relevant periods herein, Exchange Rule 4.20 provided, in relevant part, that an AML program shall, at a minimum “...provide for annual (on a calendar-year basis) independent testing for compliance to be conducted by Trading Permit Holder or TPH personnel or by a qualified outside party.... “ Interpretation and Policy .01(c) provides that independent testing may not be conducted by “(1) a person who performs the functions being tested, or (2) the designated anti-money laundering compliance person, or (3) a person who reports to a person described in either (1) or (2) above.”
6. In addition, Exchange Rule 4.20 requires that an AML program “designate, and identify to the Exchange...a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the program...and provide prompt notification to the Exchange regarding any change in such designation(s).”
7. Hybrid failed to ensure that the 2012 independent test of its AML Program was conducted by an individual that was independent of the AML Program.
8. Hybrid failed to notify the Exchange regarding the change of the person responsible for implementing and monitoring the day-to-day operations and internal controls of Hybrid’s AML Program.

FINDINGS

The acts, practices and conduct described in Paragraph 7 above constitute a violation of Exchange Rule 4.20 by Hybrid, in that Hybrid failed ensure that the 2012 independent test of its AML Program was conducted by an individual that was independent of the AML Program.

The acts, practices and conduct described in Paragraph 8 above constitute a violation of Exchange Rule 4.20 by Hybrid, in that Hybrid failed to notify the Exchange regarding the change of the person responsible for implementing and monitoring the day-to-day operations and internal controls of Hybrid’s AML Program.

SANCTION

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

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Hybrid Trading & Resources, LLC shall be and hereby is censured and fined in the amount of ten thousand dollars (\$10,000).

**SO ORDERED
FOR THE COMMITTEE**

Dated: December 11, 2013

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