

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF THE
CBOE EXCHANGE, INC.

_____)	
In the Matter of:)	
)	
Citadel Securities LLC)	
131 South Dearborn Street)	File No. 14-0199 and 17-0037
32 nd Floor)	STAR Nos. 20150439286, 20150467045, and
Chicago, IL 60603)	20170528152
)	
Respondent/Subject)	
)	
_____)	

DECISION ACCEPTING OFFER OF SETTLEMENT AND LETTER OF CONSENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the Cboe Exchange Inc. (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/subject (“Respondent/Subject”), Citadel Securities LLC (“Citadel”), submitted a consolidated Offer of Settlement and Letter of Consent (“Offer of Settlement and Letter of Consent”).

In submitting the Offer of Settlement and Letter of Consent, the Respondent/Subject neither admitted nor denied the violations alleged in the Statement of Charges and Letter of Consent.

The Respondent/Subject has agreed that the determination of the Committee to accept the Offer of Settlement and Letter of Consent shall constitute a final Decision, and, as provided in Exchange Rules 17.3 and 17.8, the Respondent/Subject may not seek review thereof.

The Respondent/Subject 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 Offer of Settlement and Letter of Consent based on the following stipulated facts and findings and thereby to impose the sanction specified below.

FACTS

1. During all relevant periods herein, Citadel was an Exchange Trading Permit Holder registered to act as a Market-Maker.
2. During all relevant periods herein, Citadel was acting as a registered Broker-Dealer.

3. During all relevant periods herein, Exchange Rules 6.45 – Order and Quote Priority and Allocation, 6.45A – Priority and Allocation of Equity Option Trades on the CBOE Hybrid System, 6.45B – Priority and Allocation of Trades in Index Options and Options on ETFs on the CBOE Hybrid System, and 6.81 – Order Protection were in full force and effect.¹
4. During all relevant periods herein, the rules of priority and order allocation procedures were set forth in Exchange Rules 6.45 and 6.45A² for equity options on the Cboe Hybrid System.
5. During all relevant periods herein, the rules of priority and order allocation procedures were set forth in Exchange Rules 6.45 and 6.45B³ for index and ETF options on the Cboe Hybrid Systems (including Hybrid 3.0).
6. From in or about February 2009 through in or about April 2013, and from on or about June 1, 2013 through on or about September 30, 2017, Citadel, on numerous occasions, failed to grant priority to the highest bid and/or lowest offer when such bid or offer was available.
7. From on or about January 1, 2015 through on or about September 30, 2017, Citadel, on numerous occasions, traded through the National Best Bid or Offer (“NBBO”).

FINDINGS

The acts, practices and conduct described in Paragraph 6 above constitute violations of Exchange Rules 6.45, 6.45A, and 6.45B by Citadel, in that Citadel, on numerous occasions, failed to grant priority to the highest bid and/or lowest offer when such bid or offer was available.

The acts, practices and conduct described in Paragraph 7 above constitute violations of Exchange Rule 6.81 by Citadel, in that Citadel, on numerous occasions, traded through the NBBO.

SANCTION

The sanction to be imposed shall consist of a \$7,500 fine and a censure.

¹ On January 24, 2017, the applicable provisions regarding the priority of bids and offers in open outcry referenced in Exchange Rules 6.45A and 6.45B were consolidated into Exchange Rule 6.45. *See* Notice of Filing and Immediate Effectiveness of a CBOE Proposed Rule Change Relating to Allocation and Priority Rules, 82 Fed. Reg. 10524 (Feb. 13, 2017).

² *See supra* text accompanying note 1.

³ *See supra* text accompanying note 1.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent/Subject, Citadel Securities LLC shall be and hereby is censured and fined in the amount of seven thousand five hundred dollars (\$7,500).

**SO ORDERED
FOR THE COMMITTEE**

Dated: December 29, 2017

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