

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

_____	)	
In the Matter of:	)	
	)	
Israel A. Englander & Co., LLC	)	
666 Fifth Avenue	)	File No. 16-0014
14 <sup>th</sup> Floor	)	STAR No. 20150459875
New York, NY 10103	)	
	)	
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”), Israel A. Englander & Co., LLC (“IAE”), 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, IAE was an Exchange Trading Permit Holder registered to conduct business on the Exchange as a Floor Broker.<sup>1</sup>

<sup>1</sup> On or about June 18, 2010, CBOE restructured from a non-stock corporation to a stock corporation and wholly-owned subsidiary of CBOE Holdings, Incorporated. As a result of this demutualization, CBOE

2. During all relevant periods, IAE was acting as a registered Broker-Dealer.
3. During all relevant periods, Exchange Rules 4.2 – Adherence to Law, 4.22 – Communications to the Exchange or the Clearing Corporation, 4.24 – Supervision, 6.51 – Reporting Duties, 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information; and Section 17(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 17a-3 – Records to Be Made by Certain Exchange Members, Brokers and Dealers, thereunder, were in full force and effect.
4. During all relevant periods, Interpretation and Policy .02 to Exchange Rule 6.51 required each Trading Permit Holder, when entering orders on the Exchange, “to submit trade information in such form as may be prescribed by the Exchange in order to allow the Exchange to properly prioritize and route orders pursuant to the rules of the Exchange and report resulting transactions to the Clearing Corporation.”
5. During all relevant periods, Exchange Rule 4.22 provided, in relevant part: “No Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any misrepresentation or omission in any application, report or other communication to the Exchange, or to the Clearing Corporation with respect to the reporting or clearance of any Exchange transaction . . . .”
6. From on or about October 1, 2008 through on or about December 31, 2014, IAE marked and executed numerous option orders with an incorrect order origin code.
7. From on or about October 1, 2008 through on or about December 31, 2014, IAE failed to maintain adequate written supervisory procedures, related to the proper marking and execution of option orders with correct order origin codes, so as to detect and prevent violations of Exchange Rules and the Exchange Act as they relate to order origin codes, and to otherwise assure compliance with Exchange Rules and the Exchange Act as they relate to order origin codes.
8. From on or about October 1, 2008 through on or about December 31, 2014, IAE failed to adequately supervise so as to assure compliance with Exchange Rules and the Exchange Act as they relate to order origin codes.
9. From on or about October 1, 2008 through on or about December 31, 2014, IAE failed to maintain accurate books and records that contained correct order origin code information.

---

modified its rules to reflect changes to references in the rules from “member” to “Trading Permit Holder” and from “member organization” to “TPH organization.” (See Securities Exchange Act Release No. 62382 (June 25, 2010), 75 FR 38164 (July 1, 2010) (SR-CBOE-2010-058)). During all relevant periods of this investigation, IAE was a member organization or a TPH organization subject to the jurisdiction of the Exchange. All references to TPH organization or Trading Permit Holder, shall also mean member or member organization.

### **FINDINGS**

The acts, practices and conduct described in Paragraph 6 constitute a violation of Exchange Rules 4.22 and 6.51 by IAE, in that IAE marked and executed numerous option orders with an incorrect order origin code.

The acts, practices and conduct described in Paragraph 7 constitute a violation of Exchange Rules 4.2 and 4.24<sup>2</sup> by IAE, in that IAE failed to maintain adequate written supervisory procedures, related to the proper marking and execution of option orders with correct order origin codes, so as to detect and prevent violations of Exchange Rules and the Exchange Act as they relate to order origin codes, and to otherwise assure compliance with Exchange Rules and the Exchange Act as they relate to order origin codes.

The acts, practices and conduct described in Paragraph 8 constitute a violation of Exchange Rule 4.2 by IAE, in that IAE failed to adequately supervise so as to assure compliance with Exchange Rules and the Exchange Act as they relate to order origin codes.

The acts, practices and conduct described in Paragraph 9 constitute a violation of Exchange Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by IAE, in that IAE failed to maintain accurate books and records that contained correct order origin code information.

### **SANCTION**

The sanction to be imposed shall consist of a \$35,000 fine and a censure.

### **ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent, Israel A. Englander & Co., LLC shall be and hereby is censured and fined in the amount of thirty-five thousand dollars (\$35,000).

**SO ORDERED  
FOR THE COMMITTEE**

**Dated: September 13, 2017**

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

---

<sup>2</sup> Exchange Rule 4.24 became effective in or about March 2014.