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

In the Matter of:
Goldman Sachs & Co. LLC
200 West Street
New York, NY 10282-2198

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”), Goldman Sachs & Co. LLC (“GSCO”) 1, 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.

1 The relevant conduct occurred at Goldman Sachs Execution & Clearing, L.P. (“GSEC”). On June 12, 2017, GSEC and its affiliate GSCO consummated a merger of GSEC with and into GSCO, with GSCO surviving the merger and assuming any remaining GSEC assets, liabilities and operations. GSEC filed Form BDW on June 13, 2017.
FACTS

1. During all relevant periods herein, GSEC was an Exchange Trading Permit Holder registered to conduct business on the Exchange as a Clearing Trading Permit Holder. In addition, GSEC was registered as an order service firm and was approved to transact business with the public.

2. During all relevant periods, GSEC 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. The Exchange conducted a routine examination of GSEC that included, but was not limited to, a review of GSEC’s compliance with Exchange Rule 3.6A.

5. Exchange Rule 3.6A(a) provides, in relevant part, that "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." Interpretation and Policy .08 to Exchange Rule 3.6 provides, in relevant part: "An individual Trading Permit Holder or individual associated person who… is engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Securities Trader (TD) in WebCRD," and "[a]n individual Trading Permit Holder or individual associated person who… supervises or monitors proprietary trading, market-making and/or brokerage activities for broker-dealers [or] supervises or trains those engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer, with respect to those activities… is required to register and qualify as a Securities Trader Principal (TP) in WebCRD and satisfy the prerequisite registration and qualification requirements." The deadline for compliance with this requirement was November 5, 2011.

6. From on or about November 5, 2011 through on or about April 16, 2016, GSEC failed to qualify and register an Associated Person (the "Associated Person") in the appropriate category of registration with the Exchange in WebCRD, and failed to register the Associated Person in the prerequisite registration category with the Exchange. Specifically, from on or about November 5, 2011 through on or about January 3, 2016, GSEC failed to qualify and register the Associated Person as a Proprietary Trader Principal with the Exchange in WebCRD, and failed to register the Associated Person in the prerequisite Proprietary Trader (PT) category of registration with the Exchange in WebCRD. In addition, from on or about January 4, 2016 through on or about April 16, 2016, GSEC failed to qualify and register the Associated Person as a Proprietary Trader Principal with the Exchange in WebCRD, and failed to register the Associated Person in the prerequisite Proprietary Trader (PT) category of registration with the Exchange in WebCRD. In addition, from on or about January 4, 2016 through on or about April 16, 2016, GSEC failed to qualify and register the Associated Person as a Proprietary Trader Principal with the Exchange in WebCRD, and failed to register the Associated Person in the prerequisite Proprietary Trader (PT) category of registration with the Exchange in WebCRD.

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2 See CBOE Regulatory Circular RG11-077.
3 See CBOE Regulatory Circular RG11-131. See also CBOE Regulatory Circular 15-180. Effective January 4, 2016, the proprietary Trader Principal (TP) category of registration was renamed the Securities Trader Principal (TP) category of registration. Effective January 4, 2016, the Securities Trader (TD) category of registration replaced the Proprietary Trader (PT) category of registration.
register the Associated Person as a Securities Trader Principal (TP) with the Exchange in WebCRD, and failed to qualify and register the Associated Person in the prerequisite Securities Trader (TO) category of registration.

FINDINGS

The acts, practices, and conduct described in Paragraph 6 above constitute a violation of Exchange Rule 3.6A by GSEC, in that GSEC failed to qualify and register the Associated Person in the appropriate category of registration with the Exchange in WebCRD, and failed to register the Associated Person in the prerequisite registration category with the Exchange.

SANCTION

The sanction to be imposed shall consist of a $5,000 fine and a censure.

ORDER

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

SO ORDERED
FOR THE COMMITTEE

Dated: September 13, 2017

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