

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

_____)	
In the Matter of:)	
)	
Nomura Securities International, Inc.)	
309 W. 49 th Street)	
New York, NY 10019)	File No. 17-0056
)	STAR No. 20150455863
)	
Respondent)	
)	
_____)	

DECISION ACCEPTING OFFER OF SETTLEMENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the Cboe Exchange, Inc. (the “Exchange” or “Cboe”) 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”), Nomura Securities International, Inc. (“Nomura”), 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, Nomura was an Exchange Trading Permit Holder registered to conduct a clearing and non-TPH customer business on the Exchange.
2. During all relevant periods, Nomura was acting as a registered Broker-Dealer.

3. During all relevant periods, Exchange Rules 4.1 – Just and Equitable Principles of Trade, 4.2 – Adherence to Law, and 6.9 – Solicited Transactions, were in full force and effect.
4. On May 22, 2015, Nomura, received a customer not held order to purchase 10,000 Avon Products, Inc. (“AVP”) June 19, 2015 7.5 puts at \$0.75 (the “customer order”). At approximately 14:02:27, the Respondent routed the customer’s buy order of 10,000 AVP June 19, 2015 7.5 puts with a limit price of \$0.65 (which was equal to the best bid quoted at the time). At approximately 14:02:59, after receiving the customer order, but prior to disclosing the full terms and conditions of the customer order to the marketplace, Nomura purchased 6,851 AVP June 19, 2015 7 puts at \$0.45 for its proprietary account, of which 771 contracts were purchased on Cboe prior to all terms of the customer order being properly disclosed to the trading crowd.
5. On or about May 22, 2015, Nomura failed to adequately supervise to assure compliance with Exchange Rules, including Exchange Rules 4.1 and 6.9(e), in connection with the conduct described above in Paragraph 4.

FINDINGS

The acts, practices and conduct described in Paragraph 4 constitute a violation of Exchange Rules 4.1 and 6.9(e) by Nomura, in that Nomura, in anticipation of participating on the customer order, purchased a total of approximately 6,851 contracts (of which approximately 771 contracts were purchased on Cboe) of AVP June 19, 2015 7 puts prior to all terms of the customer order being properly disclosed to the trading crowd.

The acts, practices and conduct described in Paragraph 5 constitute a violation of Exchange Rule 4.2 by Nomura, in that Nomura failed to adequately supervise to assure compliance with Exchange Rules, including Exchange Rules 4.1 and 6.9(e), in connection with the conduct described above in Paragraph 4.

SANCTION

The sanction to be imposed shall consist of a \$100,000 fine (of which \$17,500 shall be payable to Cboe), a censure, and disgorgement in the amount of \$5,134 payable to Cboe.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Nomura Securities International, Inc. shall be and hereby is censured, fined in the amount of one hundred thousand dollars (\$100,000) (of which \$17,500 shall be payable to Cboe), and disgorgement in the amount of \$5,134 payable to Cboe.

**SO ORDERED
FOR THE COMMITTEE**

Dated: December 29, 2017

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