

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

_____)	
In the Matter of:)	
)	
Merrill Lynch Professional Clearing Corp.)	
One Bryant Park)	File No. 17-0060
6 th Floor)	STAR No. 20150464137
New York, New York, 10036)	
)	
)	
Subject)	
_____)	

DECISION ACCEPTING 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. In order to resolve this matter, the subject, Merrill Lynch Professional Clearing Corp. has submitted a Letter of Consent. Such Letter of Consent was submitted solely for the purposes of this proceeding without admitting or denying that a violation of Exchange Rules has been committed. With due regard to the stipulated facts and findings and the proposed sanction contained therein, the Committee believes it is appropriate to accept the Letter of Consent for File No. 17-0060 (STAR No. 20150464137) which is attached to and made a part of this Decision.

SO ORDERED
FOR THE COMMITTEE

Dated: December 29, 2017

By: /s/ Richard Bruder
Richard Bruder
Vice Chairman
Business Conduct Committee

Before the Business Conduct Committee
of the
Cboe Exchange, Inc.

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6 th Floor)	STAR No. 20150464137
New York, New York, 10036)	
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Subject)	
_____)	

Letter of Consent

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. (the “Exchange” or “Cboe”) Rule 17.3 – Expedited Proceedings, the Subject, Merrill Lynch Professional Clearing Corp., (“MLPro” or the “Firm”), hereby submits this Letter of Consent in the above captioned matter. Only for purposes of this proceeding, and without admitting or denying that a violation of Exchange Rules or the Securities Exchange Act of 1934, as amended (“Exchange Act”) has been committed, MLPro consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, MLPro was an Exchange Trading Permit Holder registered to conduct business on the Exchange as a clearing firm. In addition, during all relevant periods, MLPro was approved to transact business with the public.
2. During all relevant periods herein, MLPro was acting as a registered Broker-Dealer.
3. During all relevant periods noted herein, Exchange Rules 4.2 – Adherence to Law, 4.24¹ – Supervision, and Rule 14e-4 – Prohibited Transactions in Connection with Partial Tender Offers, promulgated under the Exchange Act, as amended, were in full force and effect.
4. Market Regulation staff conducted an investigation to determine whether any violations of Rule 14e-4, promulgated under the Exchange Act, occurred in connection with the partial tender offers for Halliburton Company (“HAL”) that commenced on July 26, 2013 and expired on August 22, 2013, and CBS Corp. (“CBS”) that commenced on June 11, 2014 and expired on July 9, 2014.
5. Rule 14e-4(b), promulgated under the Exchange Act, provides, in relevant part: “It shall be unlawful for any person acting alone or in concert with others, directly or indirectly, to tender any subject security in a partial tender offer... (1) For his own account unless at the time of tender,

¹ Exchange Rule 4.24 became effective in March 2014. Therefore, the violations of Exchange Rule 4.24 cited in Paragraphs 8 and 11 below, are only applicable from in or about March 2014 through in or about October 2014.

and at the end of the proration period...he has a net long position equal to or greater than the amount tendered in..."

6. On or about August 22, 2013, MLPro tendered shares for the partial tender offer in HAL in excess of its net long position.
7. On or about July 9, 2014, MLPro tendered shares for the partial tender offer in CBS in excess of its net long position.
8. From on or about July 26, 2013 through in or about October 2014, MLPro failed to establish and maintain written supervisory procedures, and a system for applying such procedures, reasonably designed to prevent and detect violations of Rule 14e-4, promulgated under the Exchange Act, relating to partial short tender activity.
9. The acts, practices, and conduct described in Paragraph 6, above, constitute a violation of Exchange Rule 4.2 and Exchange Act Rule 14e-4 by MLPro, in that MLPro tendered shares for the partial tender offer in HAL in excess of its net long position.
10. The acts, practices, and conduct described in Paragraph 7, above, constitute a violation of Exchange Rule 4.2 and Exchange Act Rule 14e-4 by MLPro, in that MLPro tendered shares for the partial tender offer in CBS in excess of its net long position.
11. The acts, practices, and conduct described in Paragraph 8, above, constitute a violation of Exchange Rules 4.2 and 4.24 by MLPro, in that MLPro failed to establish and maintain written supervisory procedures to assure compliance with Rule 14e-4, promulgated under the Exchange Act.

Sanction: A \$20,000 fine, a censure and disgorgement in the amount of \$3,193.

Subject acknowledges that it has read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to it by the Exchange or its staff, and that this Letter of Consent is voluntary on its part.

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.

Subject also acknowledges that the Committee's decision to accept or reject this Letter of Consent is final, and that it may not seek review thereof in accordance with Exchange Rule 17.3.

Dated: November 17, 2017

By: /s/ Merrill Lynch Professional Clearing Corp.
Merrill Lynch Professional Clearing Corp.