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

In the Matter of:	)	
DRW Securities, L.L.C. 540 W. Madison Street Suite 2500 Chicago, IL 60661	)	File No. 17-0063 STAR No. 20150448574[1]
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, DRW Securities, L.L.C. 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. 17-0063 (STAR No. 20150448574) which is attached to and made a part of this Decision.

SO ORDERED
FOR THE COMMITTEE

Dated: December 29, 2017

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

[1] This matter is related to Cboe Futures Exchange Case No. 17-0010.

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

In the Matter of:	)	
DRW Securities, L.L.C. 540 W. Madison Street Suite 2500 Chicago, IL 60661	)	STAR No. 20150448574[2]
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, DRW Securities, L.L.C., ("DRW" 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 has been committed, DRW consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, DRW was an Exchange Trading Permit Holder registered to conduct business on the Exchange. In addition, during all relevant periods, DRW was registered to conduct a proprietary principal trading business, in which it trades as a principal.

2. During all relevant periods herein, DRW was acting as a registered Broker-Dealer.

3. During all relevant periods noted herein, Exchange Rules 4.1 – Just and Equitable Principles of Trade and 4.2 – Adherence to Law, were in full force and effect.

4. During all relevant periods noted herein, the Cboe Futures Exchange listed the following Volatility Index Futures products: the CBOE Emerging Markets ETF Volatility Index Futures contract ("VXEM"), the CBOE Brazil ETF Volatility Index Futures contract ("VXEW") and the CBOE Crude Oil ETF Volatility Index Futures contract ("OV").

5. The settlement of the futures contract price for the products referenced in Paragraph 4 above was based upon a formula that utilizes out-of-the-money constituent options with an expiration date of approximately 30 days after the volatility future settlement date. Settlement of these volatility futures contracts would result in the delivery of a cash settlement amount on the business day immediately following the final settlement date and the cash amount would be the final mark-to-market amount against the final settlement value of the volatility futures multiplied by $100.

[2] This matter is related to Cboe Futures Exchange Case No. 17-0010.

6. The exercise/final settlement value for these volatility index contracts was based on a Special Opening Quotation ("SOQ") of the respective volatility index calculated from the sequence of opening prices, as traded on Cboe, of a single strip of the constituent option series used to calculate the volatility index on the exercise/final settlement date. The opening price for any constituent option series in which there was no trade on Cboe would be the average of that option's bid price and ask price as determined at the opening of trading. The strip of constituent option series used to calculate the settlement price included out-of-the-money series until two consecutive strike prices that had zero bid prices, or "no bids," were identified for the SOQ (the "Two Zero Bid rule"). Once two put option series with consecutive strike prices had no bids, no puts with lower strikes were considered for inclusion. Similarly, when two call option series had no bids, no calls with higher strikes were considered.

7. DRW's U.S. Equity Index Options Desk, as part of its trading strategy, participated in the Special Opening Quotation by submitting a "strategy order" composed of a strip of constituent options, to replace the U.S. Equity Index Options Desk's expiring Vega. At the time of the SOQs, the strip of constituent options had already largely converged with the prior day's futures settlement price.

8. From in or about February 2014 through in or about March 2015, on nine trade dates, DRW, through its U.S. Equity Index Options Desk, submitted minimum increment option orders, or "safety bids," in addition to its "strategy orders," ensuring that certain option series were included in the final settlement calculations of the SOQ. This conduct impacted the final settlement calculation of the VXEM, VXEW, and OV futures contracts. As a result of this conduct, the final settlement calculations on those nine dates included additional options series in the SOQ settlement calculation that otherwise would not have been included due to the Two Zero Bid rule described in Paragraph 6 above.

9. From in or about February 2014 through in or about March 2015, DRW failed to supervise the trading activity of its U.S. Equity Index Options Desk so as to assure compliance with Exchange Rule 4.1 in connection with the conduct described in Paragraph 8 above.

10. The acts, practices and conduct described in Paragraph 8 above constitute a violation of Exchange Rule 4.1 by DRW

11. The acts, practices, and conduct described in Paragraph 9, above, constitute a violation of Exchange Rule 4.2 by DRW, in that DRW failed to supervise the trading activity of its U.S. Equity Index Options Desk so as to assure compliance with Exchange Rule 4.1.

Sanction: As a result of the conduct described above, a total fine of $1,250,000, of which $800,000 shall be paid to Cboe Exchange, Inc. and $450,000 shall be paid to Cboe Futures Exchange, a total disgorgement in the amount of $257,056, of which $100,000 shall be paid to Cboe Exchange, Inc. and $157,056 shall be paid to Cboe Futures Exchange, and a censure.

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: December 15, 2017

By: /s/ DRW Securities, L.L.C.
DRW Securities, L.L.C.