

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF THE
C2 OPTIONS EXCHANGE, INCORPORATED

_____)	
In the Matter of:)	
)	
Goldman Sachs & Co. LLC)	
200 West Street)	File No. C2 17-0001
New York, NY 10282-2198)	STAR No. 20150443193
)	
Respondent)	
_____)	

DECISION ACCEPTING OFFER OF SETTLEMENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the C2 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.

FACTS

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

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.

2. During all relevant periods, GSEC was acting as a registered broker-dealer.
3. During all relevant periods herein, Exchange Rule 3.4 – Qualification and Registration 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 3.4.
5. Exchange Rule 3.4(a) provides, in relevant part: "Permit Holders that are individuals ('PHI') and associated persons of Permit Holders engaged in the securities business of a Permit Holder shall be registered with the Exchange in the category of registration appropriate to the function to be performed in a form and manner prescribed by the Exchange. Before the registration can become effective, the PHI or individual associated person shall pass a qualification examination appropriate to the category of registration in a form and manner prescribed by the Exchange and submit any required registration and examination fees." Interpretation and Policy .07 to Exchange Rule 3.4 provides, in relevant part: "An individual 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 "An individual 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."²
6. Interpretation and Policy .06 to Exchange Rule 3.4 provides, in relevant part: "Each Permit Holder must register with the Exchange in a heightened capacity each individual acting in any of the following capacities: (i) officer; (ii) partner; (iii) director; (iv) supervisor of proprietary trading, market-making or brokerage activities and (v) supervisor of those engaged in proprietary trading, market-making or brokerage activities with respect to those activities. Each Permit Holder must register with the Exchange at least two individuals acting in one or more of the capacities described in (i)-(v) above."
7. From on or about May 21, 2014 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 in WebCRD. Specifically, from on or about May 21, 2014 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 Securities Trader Principal (TP) with the Exchange in WebCRD, and failed to qualify and register the Associated Person in

² See C2 Regulatory Circular 15-053. 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.

the prerequisite Securities Trader (TO) category of registration.

8. From on or about May 21, 2014 through on or about March 25, 2015, GSEC failed to register the minimum number of individuals required to be registered as a Proprietary Trader Principal (TP) with the Exchange in WebCRD.

FINDINGS

The acts, practices, and conduct described in Paragraph 7 above constitute a violation of Exchange Rule 3.4 by GSEC, in that GSEC failed to qualify and register an 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 in WebCRD.

The acts, practices, and conduct described in Paragraph 8 above constitute a violation of Exchange Rule 3.4 by GSEC, in that GSEC failed to register the minimum number of individuals required to be registered as a Proprietary Trader Principal (TP) with the Exchange in WebCRD.

SANCTION

The sanction to be imposed shall consist of a \$10,000 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 ten thousand dollars (\$10,000).

**SO ORDERED
FOR THE COMMITTEE**

Dated: September 13, 2017

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