

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

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In the Matter of:	)	
	)	
PTR, Inc.	)	File Nos. 14-0198 and 17-0006
1800 JFK Blvd	)	STAR Nos. 20150439284, 20150465669 and
Suite 401	)	20170528148
Philadelphia, PA 19103	)	
	)	
Respondent/Subject	)	
_____	)	

**DECISION ACCEPTING CONSOLIDATED OFFER OF**  
**SETTLEMENT AND LETTER OF CONSENT**

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/subject (“Respondent/Subject”), PTR, Inc. (“PTR”), submitted a consolidated Offer of Settlement and Letter of Consent (“Offer of Settlement and Letter of Consent”).

In submitting the Offer of Settlement and Letter of Consent, the Respondent/Subject neither admitted nor denied the violations alleged in the Statement of Charges and Letter of Consent.

The Respondent/Subject has agreed that the determination of the Committee to accept the Offer of Settlement and Letter of Consent shall constitute a final Decision, and, as provided in Exchange Rules 17.3 and 17.8, the Respondent/Subject may not seek review thereof.

The Respondent/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.

With due regard to the particulars of this matter, the Committee believes it is appropriate to accept the Offer of Settlement and Letter of Consent based on the following stipulated facts and findings and thereby to impose the sanction specified below.

**FACTS**

1. During all relevant periods herein, PTR was an Exchange Trading Permit Holder registered to act as a Floor Broker.

2. During all relevant periods herein, PTR was acting as a registered Broker-Dealer.
3. During all relevant periods herein, Exchange Rules 4.2 – Adherence to Law, 6.45 – Order and Quote Priority and Allocation, 6.45A – Priority and Allocation of Equity Option Trades on the CBOE Hybrid System, 6.45B – Priority and Allocation of Trades in Index Options and Options on ETFs on the CBOE Hybrid System, 6.73 – Responsibilities of Floor Brokers and 6.81 – Order Protection were in full force and effect.<sup>1</sup>
4. During all relevant periods herein, the rules of priority and order allocation procedures were set forth in Exchange Rules 6.45 and 6.45A<sup>2</sup> for equity options on the CBOE Hybrid System.
5. During all relevant periods herein, the rules of priority and order allocation procedures were set forth in Exchange Rules 6.45 and 6.45B<sup>3</sup> for index and ETF options on the CBOE Hybrid Systems (including Hybrid 3.0).
6. During all relevant periods herein, the due diligence execution requirements of Floor Brokers were set forth in Exchange Rule 6.73.
7. From in or about January 2009 through on or about June 30, 2017, PTR, on numerous occasions, failed to grant priority to the highest bid and/or lowest offer when such bid or offer was available and, on numerous occasions, failed to use due diligence to execute orders at the best prices available.
8. From on or about January 1, 2012 through on or about June 30, 2017, PTR, on numerous occasions, effected numerous National Best Bid and Offer (“NBBO”) Trade-Through transactions.
9. From in or about January 2009 through on or about June 30, 2017, PTR failed to supervise its Associated Persons<sup>4</sup> to assure compliance with Exchange Rules in connection with the conduct described in Paragraphs 7 and 8 above.

## **FINDINGS**

The acts, practices and conduct described in Paragraph 7 above constitute violations of Exchange Rules 6.45, 6.45A, 6.45B and 6.73, in that PTR, on numerous occasions, failed to grant priority to the highest bid and/or lowest offer when such bid or offer was available and, on numerous occasions, failed to use due diligence to execute orders at the best prices available.

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<sup>1</sup> On January 24, 2017, the applicable provisions regarding the priority of bids and offers in open outcry referenced in Exchange Rules 6.45A and 6.45B were consolidated into Exchange Rule 6.45. *See* Notice of Filing and Immediate Effectiveness of a CBOE Proposed Rule Change Relating to Allocation and Priority Rules, 82 Fed. Reg. 10524 (Feb. 13, 2017).

<sup>2</sup> *See supra* text accompanying note 1.

<sup>3</sup> *See supra* text accompanying note 1.

<sup>4</sup> Person associated with a broker or dealer as defined in the Securities Exchange Act of 1934, as amended, subsection 3(a)(18).

The acts, practices and conduct described in Paragraph 8 above constitute violations of Exchange Rule 6.81 by PTR, in that PTR, on numerous occasions, traded through the NBBO.

The acts, practices and conduct described in Paragraph 9 above constitute violations of Exchange Rule 4.2 by PTR, in that PTR failed to supervise its Associated Persons to assure compliance with Exchange Rules in connection with the conduct described in Paragraphs 7 and 8.

**SANCTION**

The sanction to be imposed shall consist of a \$39,500 fine and a censure.

**ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent/Subject, PTR, Inc. shall be and hereby is censured and fined in the amount of thirty-nine thousand five hundred dollars (\$39,500).

**SO ORDERED  
FOR THE COMMITTEE**

**Dated: October 5, 2017**

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