

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

_____	)	
In the Matter of:	)	
	)	
BMO Capital Markets Corp.	)	File No. C2 15-0011
3 Times Square	)	STAR No. 20150462898
New York, NY 10036	)	
	)	
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”), BMO Capital Markets Corp. (“BMO”), 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, BMO was an Exchange Permit Holder registered to conduct a brokerage, proprietary trading, and clearing business on the Exchange.
2. During all relevant periods, BMO 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 an Option Market Participant (OMP) examination of BMO that focused on the months of March 2014 through May 2014, which included, but was not limited to, a review of BMO'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."
6. Exchange Rule 3.4(b) provides, in relevant part: "Each Permit Holder subject to Exchange Act Rule 15c3-1 shall designate a Financial/Operations Principal.... Each Financial/Operations Principal is required to have successfully completed the Financial and Operations Principal Examination (Series 27). Each Financial/Operations Principal designated by a Permit Holder...shall be registered in that capacity with the Exchange in a form and manner prescribed by the Exchange..."
7. Exchange Rule 3.4(c) provides, in relevant part: "An individual designated as a Chief Compliance Officer is required to register with the Exchange and pass the appropriate heightened qualification examination(s) as prescribed by the Exchange."
8. On various dates from on or about May 21, 2014 through on or about November 21, 2014, BMO failed to register three (3) Associated Persons as a Proprietary Trader Principal (TP) with the Exchange in WebCRD.
9. From on or about May 21, 2014 through on or about November 21, 2014, BMO failed to register four (4) Associated Persons as a Proprietary Trader (PT) with the Exchange in WebCRD.
10. From on or about May 21, 2014 through on or about March 27, 2015, BMO failed to register its Chief Compliance Officer as a Proprietary Trader Compliance Officer (CT) with the Exchange in WebCRD.
11. From on or about November 15, 2013 through on or about April 14, 2015, BMO failed to register its Chief Financial Officer and Financial and Operations Principal as a Financial and Operations Principal (FN) with the Exchange in WebCRD.

### **FINDINGS**

The acts, practices and conduct described in Paragraph 8 above constitute a violation of Exchange Rule 3.4 by BMO, in that BMO failed to register three (3) Associated Persons as a Proprietary Trader Principal (TP) with the Exchange in WebCRD.

The acts, practices and conduct described in Paragraph 9 above constitute a violation of Exchange Rule 3.4 by BMO, in that BMO failed to register four (4) Associated Persons as a Proprietary Trader (PT) with the Exchange in WebCRD.

The acts, practices and conduct described in Paragraph 10 above constitute a violation of Exchange Rule 3.4 by BMO, in that BMO failed to register its Chief Compliance Officer as a Proprietary Trader Compliance Officer (CT) with the Exchange in WebCRD.

The acts, practices and conduct described in Paragraph 11 above constitute a violation of Exchange Rule 3.4 by BMO, in that BMO failed to register its Chief Financial Officer and Financial and Operations Principal as a Financial and Operations Principal (FN) with the Exchange in WebCRD.

**SANCTION**

The sanction to be imposed shall consist of a \$22,500 fine and a censure.

**ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent, BMO Capital Markets Corp. shall be and hereby is censured and fined in the amount of twenty-two thousand five hundred dollars (\$22,500).

**SO ORDERED  
FOR THE COMMITTEE**

**Dated: November 25, 2015**

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