

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

_____)	
In the Matter of:)	
))	
LiquidPoint, LLC)	File No. C2 15-0014
311 South Wacker Drive, Suite 4700)	STAR No. 20150464233
Chicago, IL 60606)	
))	
Subject)	
_____)	

DECISION ACCEPTING LETTER OF CONSENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the C2 Options Exchange, Incorporated (the “Exchange” or “C2”) as a result of an investigation by the staff of the Exchange. In order to resolve this matter, the subject, LiquidPoint, LLC 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. C2 15-0014/STAR No. 20150464233 which is attached to and made a part of this Decision.

SO ORDERED
FOR THE COMMITTEE

Dated: December 29, 2015

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

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LETTER OF CONSENT

In order to resolve these proceedings pursuant to C2 Options Exchange, Incorporated (the “Exchange” or “C2”) Rule 17.3, Expedited Proceeding, the Subject, LiquidPoint, LLC (“LiquidPoint”), 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, LiquidPoint consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, the Subject, LiquidPoint, was a Permit Holder registered to conduct business as an agency broker on the Exchange.
2. During all relevant periods herein, LiquidPoint 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 examination of LiquidPoint that focused on the period from in or about May 2014 through in or about July 2014, which included, but was not limited to, a review of LiquidPoint’s compliance with Exchange Rule 3.4.
 1. Rule 3.4(a) provides, in relevant part: “Permit Holders that are individuals (‘PHI’) and associated persons of Permit Holders engaged or to be 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 registration and examination fees.”
 2. Rule 3.4(b) provides, in relevant part: “Each Permit Holder subject to Exchange Act Rule 15c3-1 shall designate a Financial/Operations Principal. The duties of a Financial/Operations Principal shall include taking appropriate actions to assure that the Permit Holder complies with applicable financial and operational requirements under the Rules and the Exchange Act, including but not limited to those requirements relating to the submission of financial reports and the maintenance of books and records. Each Financial/Operations Principal is required to have successfully completed the Financial

and Operations Principal Examination (Series 27 Exam). 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.”

3. Rule 3.4(c) provides, in relevant part: “Each Permit Holder shall designate a Chief Compliance Officer on Schedule A of Form BD. An individual designated as a Chief Compliance Officer is required to register with the Exchange and pass the appropriate heightened qualification examination as prescribed by the Exchange.”
4. Rule 3.4, Interpretation and Policy .06 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/or (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.”
5. Before the registration can become effective, the individual Permit Holder or individual associated person shall submit the appropriate application for registration and pass a qualification examination appropriate to the category of registration as prescribed by the Exchange.¹ The deadline for compliance with this requirement was November 5, 2011.²
6. From on or about May 21, 2014 through on or about December 1, 2014, LiquidPoint failed to register five (5) Associated Persons³ as a Proprietary Trader (PT) with the Exchange in WebCRD.
7. From on or about May 21, 2014 through on or about December 1, 2014, LiquidPoint failed to register one (1) Associated Person as a Proprietary Trader Principal (TP) with the Exchange in WebCRD.
8. From on or about May 21, 2014 through on or about December 1, 2014, LiquidPoint failed to register its Chief Compliance Officer as a Proprietary Trader Compliance Officer (CT) with the Exchange in WebCRD.
9. From on or about May 21, 2014 through on or about December 1, 2014, LiquidPoint failed to register its Financial and Operations Principal as a Financial and Operations Principal (FN) with the Exchange in WebCRD.
10. From on or about May 21, 2014 through on or about September 5, 2014, the Firm failed to register the minimum number of individuals required to register as a TP with the Exchange in WebCRD.
11. The acts, practices, and conduct described in Paragraph 6 above constitute a violation of Exchange Rule 3.4 by LiquidPoint, in that LiquidPoint failed to register five (5) Associated Persons as a Proprietary Trader (PT) with the Exchange in WebCRD.
12. The acts, practices, and conduct described in Paragraph 7 above constitute a violation of Exchange Rule 3.4 by LiquidPoint, in that LiquidPoint failed to register one (1) Associated Person as a Proprietary Trader Principal (TP) with the Exchange in WebCRD.

¹ See CBOE Regulatory Circular RG11-077.

² See CBOE Regulatory Circular RG11-131.

³ Person associated with a broker or dealer as defined in the Securities Exchange Act of 1934, as amended, Section 3(a)(18).

13. The acts, practices, and conduct described in Paragraph 8 above constitute a violation of Exchange Rule 3.4 by LiquidPoint, in that LiquidPoint failed to register its Chief Compliance Officer as a Proprietary Trader Compliance Officer (CT) with the Exchange in WebCRD.
14. The acts, practices, and conduct described in Paragraph 9 above constitute a violation of Exchange Rule 3.4 by LiquidPoint, in that LiquidPoint failed to register its Financial and Operations Principal as a Financial and Operations Principal (FN) with the Exchange in WebCRD.
15. The acts, practices, and conduct described in Paragraph 10 above constitute a violation of Exchange Rule 3.4 by LiquidPoint, in that LiquidPoint failed to register the minimum number of individuals required to register as a TP with the Exchange in WebCRD.

Sanction: A \$25,000 fine 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: November 26, 2015

By: /s/ LiquidPoint, LLC
LiquidPoint, LLC