

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

_____)	
In the Matter of:)	
)	
Susquehanna Securities)	File No. 17-0055
401 City Ave, Suite 220)	STAR No. 20150451886-02
Bala Cynwyd, PA 19004)	
)	
Respondent)	
)	
_____)	

DECISION ACCEPTING OFFER OF SETTLEMENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the Cboe Exchange, Inc. (the “Exchange” or “Cboe”) 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”), Susquehanna Securities (“Susquehanna”), 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, Susquehanna was an Exchange Trading Permit Holder registered to conduct business on the Exchange as a Market-Maker.
2. During all relevant periods, Susquehanna was acting as a registered Broker-Dealer.

3. During all relevant periods noted herein, Exchange Rules 4.2 — Adherence to Law, 4.24 — Supervision¹, and 6.49A — Transfer of Positions were in full force and effect.
4. During all relevant periods, Exchange Rule 6.49A(a)(1) provided that "Notwithstanding the prohibition set forth in Rule 6.49(a), the following transfers involving a Trading Permit Holder's positions may be effected off the floor: (i) the dissolution of a joint account in which the remaining Trading Permit Holder assumes the positions of the joint account; (ii) the dissolution of a corporation or partnership in which a former nominee of the corporation or partnership assumes the positions; (iii) positions transferred as part of a Trading Permit Holder's capital contribution to a new joint account, partnership, or corporation; (iv) the donation of positions to a not-for-profit corporation; (v) the transfer of positions to a minor under the 'Uniform Gifts to Minor' law; and (vi) a merger or acquisition where continuity of ownership or management results."
5. During all relevant periods, Exchange Rule 6.49A(a)(2) provided that "Each Trading Permit Holder seeking to transfer positions in any class of options listed on the Exchange as principal or agent may effect such transactions on (i) the Exchange pursuant to the procedure set forth in paragraph (c) of this Rule or on (ii) another exchange on which such option contracts are listed and traded, if the transfer results in a discontinuation of management or ownership of all or substantially all of the assets or options positions of the Transferor."
6. During all relevant periods, Exchange Rule 6.49A Interpretation and Policy .03 provided that the position transfer procedure "is not to be used repeatedly or routinely in circumvention of the normal auction market process."
7. From on or about January 22, 2014 through on or about September 2, 2015, Susquehanna submitted approximately 47 bulk position transfer packages on a routine basis for the purpose of consolidating risk that failed to meet the criteria as set forth under Exchange Rule 6.49A.
8. From on or about January 22, 2014 through on or about September 2, 2015, Susquehanna conducted approximately five (5) off-floor position transfers on a routine basis for the purpose of consolidating risk that failed to meet the criteria as set forth under Exchange Rule 6.49A.
9. From on or about January 22, 2014 through on or about September 2, 2015, Susquehanna failed to establish, maintain, and enforce written supervisory procedures reasonably designed to ensure Susquehanna's compliance with Exchange Rule 6.49A.

FINDINGS

The acts, practices and conduct described in Paragraphs 7 and 8 constitute violations of Exchange Rule 6.49A by Susquehanna, in that Susquehanna submitted approximately 47 bulk position transfer packages and conducted approximately five (5) off-floor position transfers that: (i) failed to meet the criteria as set forth under Exchange Rule 6.49A, in that each position transfer was submitted to consolidate risk; and (ii) constituted a repeated and routine use of the position transfer procedure.

¹ Exchange Rule 4.24 became effective March 4, 2014.

The acts, practices and conduct described in Paragraph 9 constitute a violation of Exchange Rule 4.2 from on or about January 22, 2014 through in or about March 2014, and a violation of Exchange Rule 4.24 from in or about March 2014 through on or about September 2, 2015, by Susquehanna, in that Susquehanna failed to establish, maintain, and enforce written supervisory procedures reasonably designed to ensure Susquehanna's compliance with Exchange Rule 6.49A.

SANCTION

The sanction to be imposed shall consist of a \$50,000 fine and a censure.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Susquehanna Securities shall be and hereby is censured and fined in the amount of fifty thousand dollars (\$50,000).

**SO ORDERED
FOR THE COMMITTEE**

Dated: January 31, 2019

**By: /s/ Richard Bruder
Richard Bruder
Chairman
Business Conduct Committee**