

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

In the Matter of:)	
)	
UBS Securities LLC)	File No. 19-0006
1285 Avenue of the Americas)	STAR No. 20160485982
New York, NY 10019)	
)	
Subject)	
)	

DECISION ACCEPTING LETTER OF CONSENT

This proceeding was instituted by the Business Conduct Committee (the "Committee") of the Cboe Exchange, Inc. (the "Exchange") as a result of an investigation by the staff of the Exchange. In order to resolve this matter, the subject, UBS Securities 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. 19-0006 (STAR No. 20160485982) which is attached to and made a part of this Decision.

SO ORDERED
FOR THE COMMITTEE

Dated: January 31, 2019

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

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

_____)	
In the Matter of:)	
))	
UBS Securities LLC)	
1285 Avenue of the Americas)	STAR No. 20160485982
New York, NY 10019)	
))	
Subject)	
_____)	

LETTER OF CONSENT

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. (the "Exchange" or "Cboe") Rule 17.3 – Expedited Proceedings, the Subject, UBS Securities LLC ("UBS" or the "Firm"), 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 Cboe Rules or the Securities Exchange Act of 1934, as amended ("Exchange Act") has been committed, UBS consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, UBS was an Exchange Trading Permit Holder registered to conduct business on the Exchange.
2. During all relevant periods herein, UBS was acting as a registered Broker-Dealer.
3. During all relevant periods herein, Cboe Rules 4.24 – Supervision and 6.2B – Hybrid Opening System ("HOSS")¹ were in full force and effect.
4. During all relevant periods herein, Interpretation and Policy .01 to Exchange Rule 6.2B provided, in relevant part: "All index option orders for participation in the modified HOSS opening procedure that are related to positions in, or a strategy involving, volatility index options or futures, and any change to or cancellation of any such order: (A) must be received prior to the applicable strategy order cut-off time for the affected index option series (established by the Exchange on a class-by-class basis)...and (B) may not be cancelled or changed after the applicable strategy order cut-off time..." Pursuant to Regulatory Circular RG08-043, the cut-off time for the entry of strategy orders in

¹ In or about February 2018, Cboe re-codified the relevant provisions of Rule 6.2B referenced above as Rule 6.2 – Hybrid Opening (and Sometimes Closing) System ("HOSS"). (See Securities Exchange Act Release No. 82646 (February 7, 2018), 83 FR 6294 (February 13, 2018) (SR-CBOE-2018-010)).

Standard and Poor's 500 index options ("SPX") series used to calculate the settlement price of the CBOE Volatility Index ("VIX") on VIX settlement days is 8:15 a.m. (CT).

5. On or about September 16, 2015, October 21, 2015, November 18, 2015, December 23, 2015 and January 20, 2016, respectively, UBS entered strategy orders for participation in the Special Opening Quotation ("SOQ") after the 8:15 a.m. cut-off time.
6. On or about September 16, 2015, UBS entered a sell-side strategy order prior to the 8:15 a.m. cut-off time for participation in the SOQ and subsequently cancelled that order after the 8:15 a.m. cut-off time.
7. On or about March 16, 2016, UBS entered sell-side strategy orders prior to the 8:15 a.m. cut-off for participation in the SOQ, and subsequently changed these strategy orders after the 8:15 a.m. cut-off time through its entry of sell orders.
8. From on or about September 16, 2015 through on or about March 16, 2016, UBS failed to establish and maintain written supervisory procedures to assure compliance with Exchange Rule 6.2B.
9. The acts, practices and conduct described in Paragraph 5, above, constitute violations of Cboe Rule 6.2B by UBS, in that UBS, on five settlement dates, entered strategy orders for participation in the SOQ after the 8:15 a.m. cut-off time.
10. The acts, practices and conduct described in Paragraph 6, above, constitute a violation of Cboe Rule 6.2B by UBS, in that UBS entered a sell-side strategy order prior to the 8:15 a.m. cut-off time for participation in the SOQ and subsequently cancelled that order after the 8:15 a.m. cut-off time.
11. The acts, practices and conduct described in Paragraph 7, above, constitute a violation of Cboe Rule 6.2B by UBS, in that UBS entered sell-side strategy orders prior to the 8:15 a.m. cut-off for participation in the SOQ, and subsequently changed these strategy orders after the 8:15 a.m. cut-off time through its entry of sell orders.
12. The acts, practices and conduct described in Paragraph 8, above, constitute a violation of Cboe Rule 4.24 by UBS, in that UBS failed to establish and maintain written supervisory procedures to assure compliance with Exchange Rule 6.2B.

Sanction: A \$135,000 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.

