

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

In the Matter of:)	
)	
Lek Securities Corporation)	File No. 19-0007
One Liberty Plaza)	STAR No. 20150457583
165 Broadway, 52 nd Floor)	
New York, NY 10006)	
)	
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, Lek Securities Corporation 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. 19-0007 (STAR No. 20150457583) 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

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Lek Securities Corporation))
One Liberty Plaza))
165 Broadway, 52nd Floor))
New York, NY 10006))
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Subject))
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STAR No. 20150457583

Letter of Consent

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. (the "Exchange" or "Cboe") Rule 17.3 - Expedited Proceeding, the Subject, Lek Securities Corporation ("Lek" 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 Exchange Rules has been committed, Lek consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, Lek was an Exchange Trading Permit Holder registered to conduct business on the Exchange as a clearing firm. In addition, during all relevant periods, Lek was approved to transact business with the public.
2. During all relevant periods herein, Lek was acting as a registered Broker-Dealer.
3. During all relevant periods herein Exchange Rules 1.1(ggg) - Definitions (Professional) (as further described in SR-CBOE-2009-078), 4.2 - Adherence to Law, 4.22 - Communications to the Exchange or the Clearing Corporation, 6.51 - Reporting Duties, and 15.1 - Maintenance, Retention and Furnishing of Books, Records and Other Information; and Section 17(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 17a-3 - Records to Be Made by Certain Exchange Members, Brokers and Dealers, thereunder, were in full force and effect.
4. During all relevant periods, Interpretation and Policy .02 to Exchange Rule 6.51 required each Trading Permit Holder, when entering orders on the Exchange, "to submit trade information in such form as may be prescribed by the Exchange in order to allow the Exchange to properly prioritize and route orders pursuant to the rules of the Exchange and report resulting transactions to the Clearing Corporation."

5. During all relevant periods, Exchange Rule 4.22 provided, in relevant part: “No Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any misrepresentation or omission in any application, report or other communication to the Exchange, or to the Clearing Corporation with respect to the reporting or clearance of any Exchange transaction”
6. From in or about July 2013 through in or about September 2015, Lek failed to properly identify one of its customers as a Professional Customer, resulting in Lek’s improper routing of numerous orders, representing a total of approximately 263,050 contracts¹, to the Exchange with a “Customer” order origin code instead of a “Professional Customer” order origin code.
7. From in or about July 2013 through in or about September 2015, Lek failed to maintain accurate books and records as a result of mismarking numerous orders with incorrect order origin codes.
8. From in or about July 2013 through in or about September 2015, Lek failed to reasonably supervise to assure compliance with Exchange Rules and the Exchange Act as they relate to order origin codes.
9. The acts, practices and conduct described in Paragraph 6 constitute a violation of Exchange Rules 1.1(ggg) (as further described in SR-CBOE-2009-078), 4.22 and 6.51 by Lek, in that Lek failed to properly identify one of its customers as a Professional Customer, resulting in Lek’s improper routing of numerous orders, representing a total of approximately 263,050 contracts, to the Exchange with a “Customer” order origin code instead of a “Professional Customer” order origin code.
10. The acts, practices and conduct described in Paragraph 7 constitute a violation of Exchange Rules 4.2 and 15.1; Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by Lek, in that Lek failed to maintain accurate books and records as a result of mismarking numerous orders with incorrect order origin codes.
11. The acts, practices and conduct described in Paragraph 8 constitute a violation of Exchange Rule 4.2 in that Lek failed to reasonably supervise to assure compliance with Exchange Rules and the Exchange Act as they relate to order origin codes.

Sanction: A censure and fine in the amount of \$225,000, of which \$49,342 shall be paid to Cboe.²

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.

¹ Lek executed a total of approximately 1,199,327 “Professional Customer” options contracts for this customer across multiple exchanges with an inaccurate origin code of “Customer.”

² The remainder of the total fine shall be allocated to NYSE American LLC (“NYSE American”), Nasdaq PHLX LLC (“PHLX”), and Nasdaq ISE LLC (“ISE”).

STAR No. 20150457583

Subject understands and acknowledges that acceptance of this Letter of Consent is conditioned upon acceptance of parallel settlement agreements in related matters between the Subject and the self-regulatory organizations referenced in Footnote 2.

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.

11/27/2018
Date

Lek Securities Corporation

Print Name Chief Executive Officer
Lek Securities Corporation
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(212) 509-2300
Title