



DISCIPLINARY DECISION

Cboe Exchange, Inc.

Star No. 20160502034/File No. USRI-8679

CIBC World Markets Corp.

Pursuant to Exchange Rule 17.3, attached to and incorporated as part of this Decision is a Letter of Consent.

Applicable Rule(s)

- Cboe Rules 4.1 – Just and Equitable Principles of Trade, 4.2 – Adherence to Law, 4.24 – Supervision, 6.9 – Solicited Transactions, and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information
- Section 17(a) of the Securities Exchange Act of 1934, as amended and Rule 17a-3 – Records to be Made by Certain Exchange Members, Brokers and Dealers, thereunder

Sanction

A censure and monetary fine in the amount of \$100,000¹

Effective Date

June 7, 2019

By:/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

¹ The CIBC Associated Person's liability in this matter is addressed in a separate Decision that incorporates a separate Letter of Consent issued under the same Star number.

CBOE EXCHANGE, INC.

In the Matter of:)	
)	
CIBC World Markets Corp.)	
425 Lexington Avenue)	
New York, NY 10017)	STAR No. 20160502034
)	
Subject)	
)	

LETTER OF CONSENT

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. ("Cboe" or the "Exchange") Rule 17.3 – Expedited Proceedings, the Subject, CIBC World Markets Corp. ("CIBC" 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, CIBC consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods, CIBC was a Cboe Trading Permit Holder registered to conduct business on the Exchange and was approved to transact business with the public.
2. During all relevant periods, CIBC was acting as a registered Broker-Dealer.
3. During all relevant periods, Cboe Rules 4.1 – Just and Equitable Principles of Trade, 4.2 – Adherence to Law, 4.24 – Supervision, 6.9 – Solicited Transactions, and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information; and Section 17(a) of the Exchange Act and Rule 17a-3 – Records to be Made by Certain Exchange Members, Brokers and Dealers promulgated thereunder, were in full force and effect.
4. During all relevant periods, Cboe Rule 6.9(e) provided, in relevant part: "It will be considered conduct inconsistent with just and equitable principles of trade and a violation of Rule 4.1 for any Trading Permit Holder or person associated with a Trading Permit Holder, who has knowledge of all material terms and conditions of an original order and a solicited order, including a facilitation order, that matches the original order's limit, the execution of which are imminent, to enter, based on such knowledge, an order to buy or sell an option of the same class as an option that is the subject of the original order, or an order to buy or sell the security underlying such class, or an order to buy or sell any related instrument until either (i) all the terms and conditions of the original order and any changes in the terms and conditions of the original order of which that Trading Permit Holder or associated person has knowledge are

disclosed to the trading crowd or (ii) the solicited trade can no longer reasonably be considered imminent in view of the passage of time since the solicitation.”

5. On or about June 1, 2016, CIBC, by and through an Associated Person¹ employed by CIBC as a trader on CIBC’s Equity Derivatives Trading Desk (the “Associated Person”), accepted a customer held order to sell 6,925 S&P 500 Index Option (“SPX”) August 1980 puts and to sell 44,905 Mini-SPX Index Option (“XSP”) August 198 puts. CIBC, by and through its Associated Person, then routed an order to sell 11,415 SPX August 1980 puts to the SPX trading floor, which included 6,925 SPX contracts on behalf of its customer and 4,490 SPX contracts on behalf of CIBC. CIBC, by and through its Associated Person, then entered an order to purchase 880 E-mini S&P 500 (“E-mini”) futures. The purpose of CIBC’s firm SPX and E-mini orders was to hedge its expected facilitation of its customer’s XSP order, the full terms and conditions of which had not yet been disclosed to the XSP trading floor. CIBC, by and through its Associated Person, therefore engaged in anticipatory hedging transactions in related instruments.
6. On or about June 1, 2016, CIBC, by and through its Associated Person, as well as by and through other CIBC Associated Persons, failed to make, keep current and preserve accurate books and records associated with the receipt, routing, and execution of CIBC customer orders in SPX and XSP, as well as for CIBC’s related Firm transactions.
7. From in or around August 2015 through in or around October 2017, CIBC failed to establish, implement, and enforce Written Supervisory Procedures (“WSPs”) that were reasonably designed to prevent and detect violations of Exchange Rules 4.1 and 6.9.
8. In and around June 2016, CIBC failed to supervise the activity of its Associated Persons to assure compliance with Exchange Rules 4.1 and 6.9.
9. The acts, practices and conduct described in Paragraph 5 above constitute a violation of Cboe Rules 4.1 and 6.9 by CIBC, in that CIBC, by and through its Associated Person, accepted a customer held order to sell 6,925 S&P 500 Index Option (“SPX”) August 1980 puts and to sell 44,905 Mini-SPX Index Option (“XSP”) August 198 puts. CIBC, by and through its Associated Person, then routed an order to sell 11,415 SPX August 1980 puts to the SPX trading floor, which included 6,925 SPX contracts on behalf of its customer and 4,490 SPX contracts on behalf of CIBC. CIBC, by and through its Associated Person, then entered an order to purchase 880 E-mini S&P 500 (“E-mini”) futures. The purpose of CIBC’s firm SPX and E-mini orders was to hedge its expected facilitation of its customer’s XSP order, the full terms and conditions of which had not yet been disclosed to the XSP trading floor. CIBC, by and through its Associated Person, therefore engaged in anticipatory hedging transactions in related instruments.
10. The acts, practices and conduct described in Paragraph 6 above constitute a violation of Cboe Rules 4.2 and 15.1, Section 17(a) of the Exchange Act and Rule 17a-3 thereunder, by CIBC, in that CIBC, by and through its Associated Person, as well as by and through other CIBC Associated Persons, failed to make, keep current and preserve accurate books and records

¹ The term “Associated Person” is defined by Section 3(a)(18) of the Exchange Act as any partner, officer, director, branch manager, or non-clerical employee of a broker or dealer.

associated with the receipt, routing, and execution of CIBC customer orders in SPX and XSP, as well as for CIBC's related Firm transactions.

11. The acts, practices and conduct described in Paragraph 7 above constitute a violation of Cboe Rule 4.24 by CIBC, in that CIBC failed to establish, implement, and enforce WSPs that were reasonably designed to prevent and detect violations of Exchange Rules 4.1 and 6.9.
12. The acts, practices and conduct described in Paragraph 8 above constitute a violation of Cboe Rule 4.2 by CIBC, in that CIBC failed to supervise the activity of its Associated Persons to assure compliance with Exchange Rules 4.1 and 6.9.

Sanction: A censure and a fine of \$100,000.²

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.

Subject understands and acknowledges that the Exchange's decision in this matter will become part of its disciplinary records and may be considered in any future Exchange proceeding.

Subject also acknowledges that the Chief Regulatory Officer'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.

May 6, 2019
Date

CIBC World Markets Corp.

Print Name
Chief Compliance Officer
Title

² The Associated Person's liability for the above-referenced conduct is addressed in a separate Letter of Consent issued under the same STAR number.