



DISCIPLINARY DECISION

Cboe Exchange, Inc.

Star No. 20160502034/File No. USRI-8679

Christopher S. Lee

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 censure¹

Effective Date

June 7, 2019

By:/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

¹ The liability of the firm with which Christopher S. Lee was associated 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:)	
)	
Christopher S. Lee)	
2346 Rock Point Drive)	
Oakville, Ontario L6H 7V3)	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, Christopher S. Lee ("Lee"), hereby submit 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, Lee consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods, Lee was an Associated Person¹ of CIBC World Markets Corp. ("CIBC"),² employed by CIBC as a trader on CIBC's Equity Derivatives Trading Desk.
2. 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.
3. 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

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.

² During all relevant periods, CIBC was a Cboe Trading Permit Holder registered to conduct business on the Exchange, was approved to transact business with the public, and was acting as a registered Broker-Dealer.

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.”

4. On or about June 1, 2016, Lee, on behalf of CIBC, 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. Lee, on behalf of CIBC, 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. Lee, on behalf of CIBC, 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 CIBC’s 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. Lee, on behalf of CIBC, therefore engaged in anticipatory hedging transactions in related instruments.
5. On or about June 1, 2016, Lee failed to make 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.
6. The acts, practices and conduct described in Paragraph 4 above constitute a violation of Cboe Rules 4.1 and 6.9 by Lee, in that Lee, on behalf of CIBC, 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. Lee, on behalf of CIBC, 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. Lee, on behalf of CIBC, 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. Lee, on behalf of CIBC, therefore engaged in anticipatory hedging transactions in related instruments.
7. The acts, practices and conduct described in Paragraph 5 above constitute a violation of Cboe Rule 15.1 by Lee, in that Lee failed to make 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, and thereby caused CIBC to violate Cboe Rules 4.2 and 15.1, and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder.

Sanction: A censure.³

³ CIBC’s liability for the above-referenced conduct is addressed in a separate Letter of Consent issued under the same STAR number.

Subject acknowledges that he has read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to him by the Exchange or its staff, and that this Letter of Consent is voluntary on his part.

Subject understands and acknowledges that the Exchange's decision in this matter will become part of his 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 he may not seek review thereof in accordance with Exchange Rule 17.3.

30 April 2019
Date

Christopher Lee

Print Name