

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF THE
CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED

_____)	
In the Matter of:)	
)	
Electronic Brokerage Systems, LLC)	
141 West Jackson Boulevard)	
Suite 3510)	File No. 09-0049
Chicago, IL 60604)	
)	
Respondent)	
_____)	

DECISION ACCEPTING OFFER OF SETTLEMENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the Chicago Board Options Exchange, Incorporated (the “Exchange”) 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”), Electronic Brokerage Systems, LLC (“EBS”), 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, EBS an Exchange member organization, was registered to transact business on the Exchange in accordance with Exchange Rules as a market-maker and floor broker and was approved to conduct non-member customer business.

2. During all relevant periods in which the activity noted below occurred, EBS was acting as a registered broker-dealer.
3. During all relevant periods herein, Exchange Rules 4.2 - Adherence to Law; 15.1 - Maintenance, Retention and Furnishing of Books, Records and Other Information; 15(c) of the Securities Exchange Act of 1934, as amended, (the "Act") and Rule 15c3-3 - Customer Protection thereunder, and Section 17(a) of the Act and Rule 17a-3 - Records to Be Made by Certain Exchange Members, Brokers and Dealers; Rule 17a-4 - Records to be Preserved Certain Exchange Members, Brokers and Dealers and Rule 17a-5 - Reports to be Made by Certain Brokers and Dealers thereunder, were in full force and effect.
4. During the approximate period from on or about February 13, 2009 through on or about April 30, 2009, EBS under reserved its Proprietary Account for Introducing Brokers ("PAIB") bank account.¹

FINDINGS

The acts, practices and conduct described in Paragraph 4 above constitute a violation of Rules 4.2, 15.1, Section 15(c) of the Act and Rule 15c3-3 thereunder, and Section 17(a) of the Act and Rules 17a-3, 17a-4 and 17a-5 thereunder by EBS, in that EBS under reserved its PAIB bank account.

SANCTION

The sanction to be imposed shall consist of a \$15,000 fine and a censure.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Electronic Brokerage Systems, LLC shall be and hereby is censured and fined in the amount of fifteen thousand dollars (\$15,000).

**SO ORDERED
FOR THE COMMITTEE**

Dated: January 20, 2010

**By: /s/ Bruce Andrews
Bruce Andrews
Chairman
Business Conduct Committee**

¹ A PAIB computation is prepared by the clearing broker in order to reserve the net of all PAIB assets payable in excess of PAIB assets receivable to the clearing broker. Where the clearing broker has agreed to reserve for PAIB assets, the introducing broker is permitted to treat his PAIB assets as allowable for purposes of the net capital rule. The clearing broker must perform the computation in accordance with the customer reserve computation set forth in the Customer Protection Rule SEC Rule 15c3-3 with certain modifications.