

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

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In the Matter of:)	
)	
VTrader Pro L.L.C.)	
220 Bush Street)	File No. 09-0051
Suite 950)	
San Francisco, CA 94104)	
)	
Subject)	
_____)	

DECISION ACCEPTING LETTER OF CONSENT

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. In order to resolve this matter, the subject, VTrader Pro L.L.C. 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. 09-0051 which is attached to and made a part of this Decision.

SO ORDERED
FOR THE COMMITTEE

Dated: March 2, 2010

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

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LETTER OF CONSENT

In order to resolve this proceeding pursuant to Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) Rule 17.3, Expedited Proceeding, the Subject, VTrader Pro L.L.C. (“VTrader”), 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, VTrader consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, the Subject, VTrader, was an Exchange member organization, registered to conduct business on the Exchange in accordance with Exchange rules as a market-maker organization. In addition, VTrader also conducts a proprietary trading business.
2. During all relevant periods herein, Exchange Rule 4.2 - Adherence to Law and Regulation SHO of the Securities and Exchange Act of 1934, as amended (the “Act”) – Rule 200 – Definitions and Marking Requirements for Short Sales and Regulation SHO of the Act and Rule 204T – Short Sales thereunder, were in full force and effect.
3. In or about May 2009, the Exchange conducted a Routine Financial and Operational Examination (“Examination”) of VTrader that included, but was not limited to, a review of the policies, procedures, and practices of VTrader’s Regulation SHO compliance program.
4. Rule 204T of the Act requires a participant of a registered clearing agency (“NSCC”) to deliver securities to NSCC for clearance and settlement on a long or short sale in any equity security by settlement date (T+3). If the participant has a fail-to-deliver position at NSCC in any equity security for a long or short sale transaction in that equity security, the participant, by no later than the beginning of regular trading hours on the settlement day following settlement date (T+4), must close-out its fail-to-deliver position. The participant may close-out the fail-to-deliver position by borrowing or purchasing securities of like kind and quantity. If the participant has a fail-to-deliver position that is attributed to bona fide market-making, including options market-making, the participant shall by no later than the beginning

of regular trading hours on the third consecutive settlement day following the settlement date (T+6), close-out its fail-to-deliver position. The participant may close-out the fail-to-deliver position by purchasing securities of like kind and quantity.

5. In or about May 2009, VTrader failed to demonstrate that it satisfied the close-out requirements of Regulation SHO for 9 of 26 sampled notices, or approximately 35%.
6. In or about May 2009, VTrader improperly marked 110 of 776 sampled sell orders, or approximately 14%. Specifically, VTrader improperly marked 49 sell orders as sell long when VTrader was net short the positions and improperly marked 61 sell orders as sell short when VTrader was net long the positions.
7. The acts, practices and conduct described in Paragraph 5 above, constitute violations of Exchange Rules 4.2 and Regulation SHO – Rule 204T of the Act by VTrader, in that VTrader failed to demonstrate that it satisfied the close-out requirements of Regulation SHO for 9 of 26 sampled notices, or approximately 35%.
8. The acts, practices and conduct described in Paragraph 6 above, constitute violations of Exchange Rules 4.2 and SEC Regulation SHO – Rule 200 by VTrader, in that VTrader improperly marked 110 of 776 sampled sell orders, or approximately 14%.

Sanction: A \$30,000 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.

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.

Dated: January 5, 2010

By: /s/ VTrader Pro L.L.C.
VTrader Pro L.L.C.