

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

_____	)	
In the Matter of:	)	
	)	
Coastal Trade Securities, L.L.C.	)	
141 Washington Avenue	)	File No. 10-0008
Suite 201	)	
Lawrence, NY 11559	)	
	)	
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”), Coastal Trade Securities, L.L.C. (“Coastal”), 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 herein, Coastal was a member of the CBOE Stock Exchange (“CBSX”) registered with the Exchange to transact a proprietary trading business in stock.
2. During all relevant periods in which the activity noted below occurred, Coastal was acting as a registered broker/dealer.
3. During all relevant periods herein, Exchange Rules 4.2 – Adherence to Law; 4.18 – Prevention of the Misuse of Material, Nonpublic Information; 15.1 - Maintenance, Retention and Furnishing of

Books, Records and Other Information; Section 15(f) of the Securities and Exchange Act of 1934, as amended (the “Act”) – Prevention of Misuse of Material, Nonpublic Information; Section 17(a) of the Act and Rules 17a-3 - Records to be Made by Certain Exchange Members, Brokers and Dealers; 17a-4 – Records to be Preserved by Certain Exchange Members, Brokers and Dealers thereunder, were in full force and effect.

4. In or about June 2009, the Exchange conducted a Routine Financial and Operational Examination (“Examination”) of Coastal which included, but was not limited to, a review of the policies, procedures, and practices of Coastal’s books and records and Insider Trading program.
5. In or about June 2009, Coastal failed to obtain outside brokerage account statements for 22 of 22 or 100% of associated persons who indicated they held outside brokerage accounts. In addition, Coastal failed to obtain outside brokerage account disclosure forms for 15 of 52 associated persons, or 29%.

### **FINDINGS**

The acts, practices and conduct described in Paragraph 5 above, constitute a violation of Exchange Rules 4.2; 4.18; 15.1; Section 15(f) of the Act; and Section 17(a) of the Act and Rules 17a-3 and 17a-4 thereunder, by Coastal, in that Coastal failed to obtain outside brokerage account statements for 22 of 22 or 100% of associated persons who indicated they held outside brokerage accounts. In addition, Coastal failed to obtain outside brokerage account disclosure forms for 15 of 52 associated persons, or 29%.

### **SANCTION**

The sanction to be imposed shall consist of a \$5,000 fine and a censure.

### **ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent, Coastal Trade Securities, L.L.C. shall be and hereby is censured and fined in the amount of five thousand dollars (\$5,000). In accepting the Offer of Settlement, the Business Conduct Committee considered that Respondent recently implemented written supervisory procedures addressing Respondent’s Insider Trading Program.

**SO ORDERED  
FOR THE COMMITTEE**

Dated: 5-25-2010

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