

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

_____	)	
In the Matter of:	)	
	)	
Toro Trading, LLC	)	
120 Broadway	)	File No. 10-0019
20 <sup>th</sup> Floor	)	
New York, NY 10271	)	
	)	
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”), Toro Trading, LLC (“Toro”), 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, Toro was registered to transact business on the Exchange in accordance with Exchange Rules as a market-maker organization. Toro also conducts a proprietary trading business.
2. During all relevant periods in which the activity noted below occurred, Toro was acting as a registered broker/dealer.
3. 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”) and Rule 200 – Definitions and Marking Requirements for Short Sales and Rule 203(b) - Locate and Delivery Requirements for Short Sales thereunder; were in full force and effect.

4. In or about September 2009, the Exchange conducted an examination of Toro that included a review of the policies, procedures, and practices of Toro’s Regulation SHO compliance program.
5. In or about September 2009, Toro improperly marked 781 of 5189 sales reviewed, or approximately 15%. Specifically, Toro marked 432 sell orders as “sell long” when Toro had a net short position. In addition, Toro marked 349 sell orders as “sell short” when Toro had a net long position.
6. In or about September 2009, Toro, in connection with its proprietary activity, failed to perform a locate for 6 sell orders.

### **FINDINGS**

The acts, practices and conduct described in Paragraph 5 above constitute a violation of Exchange Rule 4.2; and Regulation SHO of the Act and Rule 200 thereunder, by Toro, in that Toro improperly marked 781 of 5189 sales reviewed, or approximately 15%.

The acts, practices and conduct described in Paragraph 6 above, constitute violations of Exchange Rule 4.2 and Regulation SHO Rule 203(b) by Toro, in that Toro failed to perform a stock locate.

### **SANCTION**

The sanction to be imposed shall consist of a \$10,000 fine and a censure.

### **ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent, Toro Trading, LLC shall be and hereby is censured and fined in the amount of ten thousand dollars (\$10,000).

**SO ORDERED  
FOR THE COMMITTEE**

Dated: 05-25-2010 \_\_\_\_\_

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