

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

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In the Matter of:)	
)	
JOH Options, Inc.)	
175 West Jackson Blvd.)	
Suite 645)	File No. 96-0037
Chicago, IL 60604)	
)	
and)	
)	
Burt Robinson)	
c/o JOH Options, Inc.)	
175 West Jackson Blvd.)	
Suite 645)	
Chicago, IL 60604)	
)	
Respondents)	
)	

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 respondents ("Respondents"), JOH Options, Inc. ("JOH") and Burt Robinson ("Robinson"), submitted an offer of settlement ("Offer of Settlement").

In submitting the Offer of Settlement, the Respondents neither admitted nor denied the violations alleged in the Statement of Charges.

The Respondents have 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 Respondents may not seek review thereof.

The Respondents understand and acknowledge that the Committee's decision in this matter will become part of their 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 Respondents' 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, the Respondents, JOH and Robinson were members of the Exchange.
2. During all relevant periods herein, JOH was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a member organization associated with a floor broker.
3. During all relevant periods herein, Robinson was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a floor broker and a nominee for JOH.
4. During all relevant periods herein, Exchange Rules 4.1 - Just and Equitable Principles of Trade, 6.43 - Manner of Bidding and Offering, 6.45(a) - Priority of Bids, and 6.73(a) - Responsibilities of Floor Brokers were in full force and effect.
5. On March 21, 1996, at approximately 11:55 a.m., JOH, through Robinson, represented two customer orders: one to sell 50 First Interstate Bancorp ("I") April 160 call option contracts at a not held limit price of 7-1/4 (hereinafter the "sell order") and the other to buy 50 I April 160 call option contracts at a not held limit price of 7-3/8 (hereinafter the "buy order"). Robinson sought to cross the sell order and the buy order at a price of 7-1/4, while the market quote for the I April 160 calls was 7-1/4 bid and 7-3/4 offer. The I crowd indicated that it wanted to participate equally with the sell order and buy I April 160 calls at a price of 7-1/4. Robinson did not further attempt to cross the buy order with the sell order. At approximately 11:59 a.m., Robinson placed the buy order on the Exchange's customer limit order book (hereinafter the "book") at a limit price 7-3/8.
6. On March 21, 1996, at approximately 12:14:19 p.m., as a result of an increase in the market quote for the I April 160 calls, JOH canceled the buy order on the book and replaced it with an order to buy 50 I April 160 calls at a limit of 7-5/8. Immediately thereafter, at approximately 12:14:23 p.m., Robinson exercised his discretion on the sell order and announced that he would sell the book at a price of 7-5/8. Before the book responded to Robinson's 7-5/8 offer, the I trading crowd bid 7-3/4 for the I April 160 calls. Robinson subsequently failed to trade the sell order with the I crowd's 7-3/4 bid, which was the highest price available at that time to sell the I April 160 calls.

FINDINGS

7. The acts, practices, and conduct described in Paragraph 6 above constitute violations of Exchange Rules 4.1 and 6.43 by Robinson and JOH in that JOH, through Robinson, made an offer to sell 50 I 160 calls that was not a general one; was specified for acceptance by the book at a particular price and volume; and he attempted to exclude the

other members in the I trading crowd from having the opportunity to trade with the sell order.

8. The acts, practices, and conduct described in Paragraph 6 above constitute violations of Exchange Rules 4.1, 6.45(a) and 6.73(a) by JOH and Robinson in that JOH, through Robinson, failed to exercise due diligence in representing the order to sell 50 I 160 calls by failing to trade the sell order at a price 7-3/4, which was the highest price available at that time to sell the I April 160 calls.

SANCTION

The sanction to be imposed shall consist of a ten thousand dollar (\$10,000) joint and several fine, and a censure of each Respondent.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondents, JOH Options, Inc. and Burt Robinson, shall be and hereby are jointly and severally fined in the amount of ten thousand dollars (\$10,000) and each censured.

**SO ORDERED
FOR THE COMMITTEE**

Dated: October 6, 1997

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