

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

In the Matter of:

Thomas Torok
440 South LaSalle St.
Room 1260
Chicago, IL 60605

Respondent

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File No. 96-0055

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"), Thomas Torok ("Torok") 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.

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, the Respondent, Torok was a member of the Exchange.
2. During all relevant periods herein, Torok was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a CBT exerciser and as a market-maker.
3. During all relevant periods herein, Exchange Rule 11.1 - Exercise of Option Contracts and Interpretations and Policies .03(b) were in full force and effect.

4. During all relevant periods herein, subsequent to the submission of an “exercise advice” to the Exchange, should the Exchange member determine not to exercise all or part of the advised contracts, the member must submit an “advice cancel” to the Exchange no later than 3:20 p.m. central time.
5. On January 12, 1996, Torok purchased intraday 5 OEX Jan 600 put option contracts which were available in his account for exercise.
6. On January 12, 1996, Torok submitted an “exercise advice” to the Exchange indicating his intent to exercise 6 OEX Jan 600 put option contracts. Subsequently, Torok failed to exercise any of the contracts he advised,¹ without submitting an “advice cancel” to the Exchange.

FINDINGS

7. The acts, practices and conduct described in Paragraph 6 above constitute a violation of Exchange Rule 11.1 and Interpretations and Policies .03(b) by Torok, in that Torok submitted an advice to the Exchange indicating his intent to exercise 6 OEX Jan 600 put option contracts, and subsequently, he failed to exercise any of the contracts advised without submitting to the Exchange an “advice cancel”.

SANCTION

The sanction to be imposed shall consist of a one thousand and twenty five dollar (\$1,025) fine.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Thomas Torok, shall be and hereby is fined in the amount of one thousand and twenty five dollars (\$1,025).

**SO ORDERED
FOR THE COMMITTEE**

Dated: March 4, 1997

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

¹ Torok would have been able to exercise only 5 of the 6 OEX Jan 600 put option contracts.