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In the Matter of:)	
)	
First Options of Chicago, Inc.)	
440 S. LaSalle, Suite 1800)	File No. 96-0064
Chicago, IL 60605)	
)	
Subject)	
)	

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, First Options of Chicago, Inc., has submitted a Letter of Consent, dated January 16, 1997. 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. 96-0064, which is attached to and made a part of this Decision.

/s/ Brian Underwood
Brian Underwood
Acting Chairman
Business Conduct Committee

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

In the Matter of:)

First Options of Chicago, Inc.)
440 S. LaSalle, Suite 1800)
Chicago, IL 60605)

File No. 96-0064

Subject)
_____)

LETTER OF CONSENT

In order to resolve this proceeding pursuant to the Chicago Board Options Exchange, Incorporated (the "Exchange") Rule 17.3, Expedited Proceeding, First Options of Chicago, Inc. ("FOC") hereby submits this Letter of Consent in the captioned matter. Only for purposes of this proceeding and without admitting or denying that a violation of Exchange Rules has been committed, FOC 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, FOC, was a member of the Exchange.
2. During all relevant periods herein, FOC was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a clearing member organization and as a member organization associated with market makers and floor brokers, and an organization authorized to conduct a non-member customer business.
3. During all relevant periods herein, Exchange Rule 11.1 was in full force and effect.
4. During all relevant periods herein, Exchange members intending to exercise Standard & Poor's 100 Stock Index ("OEX") option contracts were required to submit an exercise advice ("advice") to the Exchange no later than 3:20 p.m. Central Time (CT) on the day their decision to exercise the option contracts was made.
5. On July 10, 1996, FOC exercised 40 OEX July 650 put option contracts on behalf of its customer account, without submitting an advice to the Exchange indicating the intent to exercise the aforementioned option contracts.
6. On July 17, 1996, FOC submitted advices on behalf of its customer account to the Exchange via C/MACS¹ indicating the intent to exercise 66 OEX July 645 put option contracts at 3:36:27 p.m. (CT), and 4 OEX July 640 put option contracts at 3:32:59 p.m.

¹ Clearing Management and Control System

(CT). In addition, FOC submitted an advice to the Exchange on behalf of its customer indicating the intent to exercise 15 OEX July 625 put option contracts and 20 OEX July 635 put option contracts at 3:22:09 p.m. (CT).

7. On July 18, 1996 FOC submitted an advice to the Exchange via C/MACS indicating the intent to exercise 2 July 640 put option contracts on behalf of its customer account at 3:33:31 p.m. (CT).
8. The acts, practices and conduct described in each of Paragraphs 5, 6, and 7 above constitute violations of Exchange Rule 11.1 by FOC.

Sanction: A seven thousand seven hundred thirty five dollar (\$7,735) fine.

FOC 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 is voluntary on FOC's part.

FOC understands and acknowledges that the Committee's decision in this matter will become part of FOC's disciplinary record and may be considered in any future Exchange proceeding.

FOC acknowledges that the Committee's decision to accept or reject this Letter of Consent is final and that FOC may not seek review thereof in accordance with Exchange Rule 17.3.

January 16, 1997
Date

By: First Options of Chicago, Inc.