

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

\_\_\_\_\_  
In the Matter of: )  
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 )  
Hull Trading Co. L.L.C. )  
311 South Wacker Drive )  
Suite 1400 )  
Chicago, IL 60605 )  
 )  
and )  
 )  
Mitch Kasper )  
311 South Wacker Drive )  
Suite 1400 )  
Chicago, IL 60605 )  
 )  
 )  
Subjects )  
\_\_\_\_\_ )

File No. 97-0001

**DECISION ACCEPTING LETTER OF CONSENT**

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 subjects, Hull Trading Co. L.L.C. and Mitch Kasper, have submitted a Letter of Consent, dated January 30, 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. 97-0001, which is attached to and made a part of this Decision.

**SO ORDERED**  
**FOR THE COMMITTEE**

**Dated: April 4, 1997**

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

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File No. 97-0001

**LETTER OF CONSENT**

In order to resolve this proceeding pursuant to the Chicago Board Options Exchange, Incorporated (the "Exchange") Rule 17.3, Expedited Proceeding, Hull Trading Co., L.L.C. ("HTC") and Mitch Kasper ("Kasper") hereby submit 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, HTC and Kasper consent to the Stipulation of Facts and Findings and Sanction set forth below.

**Stipulation of Facts and Findings**

1. During all relevant periods herein, the Subjects, HTC and Kasper were members of the Exchange.
2. During all relevant periods herein, HTC was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a self-clearing member organization associated with a market-maker and a floor broker.
3. During all relevant periods herein, Kasper was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a market-maker and as a nominee of HTC. Kasper was a participant of Joint Account QLL on behalf of HTC.
4. During all relevant periods herein, Exchange Rule 11.1-Exercise of Option Contracts was in full force and effect.

5. 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.
6. 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. CT.
7. On February 16, 1995, a HTC nominee on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise "All" OEX Feb 440 call option contracts in Joint Account QLL and subsequently failed to exercise 217 OEX Feb 440 call option contracts available for exercise and failed to submit an "advice cancel" to the Exchange.
8. On June 15, 1995, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise "All" OEX Jun 515 put option contracts in Joint Account QLL and subsequently failed to exercise 25 OEX Jun 515 put option contracts available for exercise and failed to submit an "advice cancel" to the Exchange.
9. On July 28, 1995, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise "All" OEX Aug 470 call option contracts in Joint Account QLL and subsequently failed to exercise 7 OEX Aug 470 call option contracts available for exercise and failed to submit an "advice cancel" to the Exchange.
10. On October 19, 1995, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise "All" OEX Oct 550 call option contracts in Joint Account QLL and subsequently failed to exercise 40 OEX Oct 550 call option contracts available for exercise and failed to submit an "advice cancel" to the Exchange.
11. On December 14, 1995, a market-maker whose membership was registered on behalf of HTC, submitted an advice on behalf of HTC to the Exchange indicating his intent to exercise "All" OEX Dec 600 put option contracts in Joint Account QRA and subsequently failed to exercise 65 OEX Dec 600 put option contracts available for exercise and failed to submit an "advice cancel" to the Exchange.
12. On January 10, 1996, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise "All" OEX Jan 605 put option contracts in Joint Account QLL and subsequently failed to exercise 2 OEX Jan 605 put option contracts available for exercise and failed to submit an "advice cancel" to the Exchange.
13. On February 15, 1996, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise "All" OEX Feb 655 put option contracts in Joint Account QLL and subsequently failed to exercise 5 OEX Feb 655 put option contracts available for exercise and failed to submit an "advice cancel" to the Exchange.
14. On February 28, 1996, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise 47 OEX Mar 510 call and 5 OEX Mar 515 call option contracts on behalf of Joint Account QLL, and subsequently failed to exercise any of the

aforementioned option contracts and failed to submit an “advice cancel” to the Exchange.

15. On June 18, 1996, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise 4 OEX Jun 570 call, 15 OEX Jun 580 call, 56 OEX Jun 605 call, 3 OEX Jun 610 call and 13 OEX Jun 615 call option contracts, on behalf of Joint Account QLL, and subsequently failed to exercise any of the aforementioned option contracts and failed to submit an “advice cancel” to the Exchange.
16. On June 19, 1996, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise “All” OEX Jun 645 put option contracts in Joint Account QLL and subsequently failed to exercise 375 OEX Jun 645 put option contracts available for exercise and failed to submit an “advice cancel” to the Exchange.
17. On July 18, 1996, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise “All” OEX 630 put option contracts and “All” OEX 640 put option contracts in Joint Account QLL and subsequently failed to exercise 8 OEX 630 put option contracts and 5 OEX 640 put option contracts of such contracts available for exercise, respectively and failed to submit an “advice cancel” to the Exchange.
18. On August 15, 1996, Kasper, on behalf of HTC, submitted an advice to the Exchange indicating his intent to exercise “All” OEX Aug 625 call option contracts in Joint Account QLL and subsequently failed to exercise 3 OEX Aug 625 call option contracts available for exercise and failed to submit an “advice cancel” to the Exchange.
19. The acts, practices, and conduct described in each of Paragraphs 7 through 18 above constitute violations of Exchange Rule 11.1 by HTC.
20. The acts, practices, and conduct described in each of Paragraphs 8 through 10 and 12 through 18 above constitute violations of Exchange Rule 11.1 by Kasper.

Sanction: A sixteen thousand four hundred seventy five dollar (\$16,475) joint and several fine.

HTC and Kasper acknowledge that they have read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to them by the Exchange or its staff, and that this Letter is voluntary on both HTC’s and Kasper’s part.

HTC and Kasper 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.

HTC and Kasper also acknowledge that the Committee’s decision to accept or reject this Letter of Consent is final and that they may not seek review thereof in accordance with Exchange Rule 17.3.

January 30, 1997  
Date

/s/ Timothy Hunter  
Hull Trading Co., L.L.C.

Chief Financial Officer  
Title

/s/ Mitch Kasper  
Mitch Kasper