

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF THE
CHICAGO BOARD OPTIONS EXCHANGE

)	
In the Matter of:)	
)	
Steven Silberman)	
440 S. LaSalle Street)	File No. 97-0015
Suite 1614)	
Chicago, IL 60605)	
)	
and)	
)	
S.R. Partners)	
440 S. LaSalle Street)	
Suite 1614)	
Chicago, IL 60605)	
)	
Subjects)	
)	

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, Steven Silberman and S.R. Partners, have submitted a Letter of Consent, dated May 1, 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. 97-0015 which is attached to and made a part of this Decision.

SO ORDERED
FOR THE COMMITTEE

Dated: June 4, 1997

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

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LETTER OF CONSENT

In order to resolve this proceeding pursuant to the Chicago Board Options Exchange, Incorporated (the "Exchange") Rule 17.3, Expedited Proceeding, we 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, we 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, Steven Silberman ("Silberman") and S.R. Partners were members of the Exchange.
2. During all relevant periods herein, Silberman was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a nominee and general partner for S.R. Partners, and was approved to conduct business on the Exchange as a market-maker.
3. During all relevant periods herein, S.R. Partners was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a member organization, and was approved to conduct business as an organization associated with a market-maker and a floor broker.
4. During all relevant periods herein, Exchange Rules 4.2 - Adherence to Law and 8.1 - Marker-Maker Defined, and Regulation X of the Board of Governors of the Federal Reserve System ("FRB") - Borrowers of Securities Credit were in full force and effect.
5. On February 28, 1997, the Exchange sent a letter to Silberman and S.R. Partners pursuant to the notice requirements of Exchange Rule 17.2(d). Attached to the letter was an Appendix that contained a listing of cleared opening option transactions executed by floor brokers for Silberman's market-maker cross-margin account for the period from on or

about January 1, 1996, through on or about January 31, 1996, and the period from on or about May 1, 1996, through on or about May 31, 1996 (hereinafter "Appendix").

6. During the period from on or about January 1, 1996, through on or about January 31, 1996, on approximately ten trade dates, Silberman, on behalf of S. R. Partners, initiated numerous opening option transactions, as more fully described in the Appendix, that increased or established positions in his market-maker cross-margin account while Silberman was not present on the trading floor of the Exchange. As a result, Silberman improperly received specialist exempt credit for margin purposes for these opening transactions.
7. During the period from on or about May 1, 1996, through on or about May 31, 1996, on approximately 17 trade dates, Silberman, on behalf of S. R. Partners, initiated numerous opening option transactions, as more fully described in the Appendix, that increased or established positions in his market-maker cross-margin account while Silberman was not present on the trading floor of the Exchange. As a result, Silberman improperly received specialist exempt credit for margin purposes for these opening transactions.
8. The acts, practices and conduct described in each of Paragraphs 6 and 7 above constitute violations of Exchange Rule 8.1 by Silberman and S.R. Partners, in that Silberman, on behalf of S.R. Partners, initiated numerous opening option transactions, as more fully described in the Appendix, that increased or established positions in his market-maker cross-margin account while Silberman was not present on the trading floor of the Exchange.
9. The acts, practices and conduct described in each of Paragraphs 6 and 7 above constitute violations of Exchange Rule 4.2 and FRB Regulation X by Silberman and S.R. Partners, in that Silberman, on behalf of S.R. Partners, improperly received specialist exempt credit for margin purposes for those opening transactions.

Sanction: A seven thousand five hundred dollar (\$7,500) joint and several fine and a censure of each Subject.

We acknowledge that we have read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to us by the Exchange or its staff, and that this Letter is voluntary on our part.

We understand and acknowledge that the Committee's decision in this matter will become part of our disciplinary record and may be considered in any future Exchange proceeding.

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

May 1, 1997
Date

/s/ Steven Silberman
Steven Silberman

May 1, 1997
Date

By:/s/ Steven Silberman
S.R. Partners

Its Authorized Person

Title