

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

	)	
In the Matter of:	)	
	)	
Mesirow Financial, Inc.	)	
350 North Clark	)	File No. 97-0023
Chicago, IL 60610	)	
	)	
Respondent	)	
	)	

**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"), Mesirow Financial, Inc. ("Mesirow"), 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.

The Respondent understands and acknowledges that the Committee's decision in this matter will become part of its 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 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, Mesirow was a member of the Exchange.

2. During all relevant periods herein, Mesirow was an Exchange member organization registered to transact business on the Exchange in accordance with Exchange Rules as a organization associated with a floor broker and a lessee organization. In addition, Mesirow employed certain persons as clerks ("Mesirow's clerks") on the trading floor of the Exchange.
3. During all relevant periods herein, a certain Exchange member organization ("Member Organization") was registered to transact business on the Exchange in accordance with Exchange Rules as an organization associated with a market-maker and a lessee organization.
4. During all relevant periods herein, two individuals were associated persons<sup>1</sup> ("Associated Persons") of Member Organization and were not registered as Exchange market-makers.
5. Prior to January 1995, Member Organization established certain sub-accounts, including sub-accounts LIRJD, LIRJJ, LIRPD, and LIRPJ ("Member Organization's sub-accounts").
6. During all relevant periods herein, Exchange Rules 4.2 - Adherence to Law, 6.24- Orders Required to Be in Written Form, and 6.51 - Reporting Duties were in full force and effect.
7. In or about June 1995 and October 1995, Mesirow failed to maintain and implement adequate procedures for the proper handling by its clerks of telephone orders initiated from off of the Exchange trading floor.
8. In or about June 1995 and October 1995, Mesirow's clerks failed to accurately mark numerous option orders entered by Jordan from off of the Exchange trading floor for Member Organization's sub-accounts, and failed to report these transactions in a manner acceptable to the Exchange.

### **FINDINGS**

9. The acts, practices, and conduct described in Paragraph 7 above constitute a violation of Exchange Rule 4.2 by Mesirow, in that Mesirow failed to maintain and implement adequate procedures for the proper handling by its clerks of telephone orders initiated from off of the Exchange trading floor.
10. The acts, practices, and conduct described in Paragraph 8 above constitute violations of Exchange Rules 6.24 and 6.51 by Mesirow, in that Mesirow's clerks failed to accurately mark numerous option orders entered by one of the Associated Persons from off of the Exchange trading floor for Member Organization's sub-accounts, and failed to report these transactions in a manner acceptable to the Exchange.

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<sup>1</sup> Person associated with a broker or dealer as defined in the Securities Exchange Act of 1934, as amended, Section 3(a)(18).

**SANCTION**

The sanction to be imposed shall consist of a two thousand dollar (\$2,000) fine.

**ORDER**

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Mesirow, shall be and hereby is fined in the amount of two thousand dollars (\$2,000).

**SO ORDERED  
FOR THE COMMITTEE**

**Dated: October 6, 1997**

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