

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

)	
In the Matter of:)	
)	
Bear, Stearns Securities Corp.)	
245 Park Avenue)	File No. 97-0039
New York, NY 10167)	
)	
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"), Bear, Stearns Securities Corp ("Bear Stearns"), 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, the Respondent, Bear Stearns, was a member of the Exchange.
2. During all relevant periods herein, Bear Stearns was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a member organization associated with a market-maker and a floor broker, as a lessor organization, and as a member organization authorized to conduct a non-member customer business.

3. During all relevant periods herein, Exchange Rules 4.11 - Position Limits and 24.4(a) - Position Limits for Broad-Based Index Options were in full force and effect.
4. During all relevant periods herein, the applicable position limit in the Standard & Poor's 100 Stock Index (OEX) class of option contracts was 25,000 contracts on the same side of the market, with no more than 15,000 contracts in the near-term series.
5. On September 9, 1996, Bear Stearns controlled a short call, long put position of 21,000 near-term OEX option contracts in one of its customer accounts. Bear Stearns did not make opening transactions which initiated these positions but, rather, they came to be controlled by Bear Stearns pursuant to a CMTA transfer.
6. On September 10, 1996, Bear Stearns controlled a short call, long put position of 26,000 OEX option contracts, with 21,000 contracts in the near-term series, in one of its customer accounts. Bear Stearns did not make opening transactions which initiated these positions but, rather, they came to be controlled by Bear Stearns pursuant to a CMTA transfer.

FINDINGS

7. The acts, practices, and conduct described in Paragraphs 5 and 6 above constitute violations of Exchange Rules 4.11 and 24.4(a) by Bear Stearns.

SANCTION

The sanction to be imposed shall consist of a two thousand five hundred dollar (\$2,500) fine.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Bear, Stearns Securities Corp., shall be and hereby is fined in the amount of two thousand five hundred dollars (\$2,500).

**SO ORDERED
FOR THE COMMITTEE**

Dated: December 18, 1997

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