

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

)	
In the Matter of:)	
)	
JSS Investments L.L.C.)	
Suite 688)	File No. 97-0044
230 S. LaSalle Street)	
Chicago, IL 60604)	
)	
and)	
)	
Richard Counts)	
Suite 688)	
230 S. LaSalle Street)	
Chicago, IL 60604)	
)	
Respondents)	
)	

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 respondents ("Respondents"), JSS Investments L.L.C. ("JSS"), and Richard Counts ("Counts"), submitted an offer of settlement ("Offer of Settlement").

In submitting the Offer of Settlement, the Respondents neither admitted nor denied the violations alleged in the Statement of Charges.

The Respondents have 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 Respondents may not seek review thereof.

The Respondents 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.

With due regard to the particulars of this matter, the Committee believes it is appropriate to accept the Respondents' 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, JSS, was a member of the Exchange.
2. During all relevant periods herein, the Respondent, Counts, was a member of the Exchange.
3. During all relevant periods herein, JSS 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.
4. During all relevant periods herein, Counts was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a CBT Exerciser and as market-maker whose membership was registered for JSS.
5. During all relevant periods herein, Exchange Rule 11.1 Exercise of Option Contracts was in full force and effect.¹
6. On July 16, 1996, Intel Corp. ("Intel") component of the OEX option class with a 2.85% weighting.
7. On July 16, 1996, at approximately 3:19 p.m. (CT), Intel reported second quarter earnings of \$1.17, which was greater than the \$.99 per share earnings predicted by analysts.
8. On July 16, 1996, at approximately 3:23 p.m. (CT), Counts, on behalf of JSS, submitted an Advice to the Exchange indicating his intent to exercise 10 OEX Jul 645 put option contracts.

FINDINGS

9. The acts, practices, and conduct described in Paragraph 8 above constitute violations of Exchange Rule 11.1 by JSS and Counts in that the Advice was submitted after the 3:20 p.m. (CT) cutoff time.

SANCTION

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

¹ 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.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondents, JSS Investments L.L.C., and Richard Counts shall be and hereby are jointly and severally 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**