

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

)	
In the Matter of:)	
)	
Daniel I. Warsh)	
c/o Sage Clearing, L.P.)	
440 S. LaSalle Street)	File No. 97-0060
Suite 2828)	
Chicago, IL 60605)	
)	
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"), Daniel I. Warsh ("Warsh"), 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 his 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, Warsh, was a member of the Exchange.

2. During all relevant periods herein, Warsh was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a market maker.
3. During all relevant periods herein, Exchange Rules 4.1 - Just and Equitable Principles of Trade and 4.2 - Adherence to Law, and Federal Reserve Board ("FRB") Regulation X - Borrowers of Securities Credit were in full force and effect.
4. Attached to the Statement of Charges as Appendix A and incorporated herein by reference is a list of transactions that Warsh effected on or about January 13, 1997 through on or about January 16, 1997 that established or increased option positions in his cross-margin account.
5. On or about January 13, 1997 through on or about January 16, 1997, prior to the opening of trading, Warsh was notified by his clearing firm that his cross-margin account was in equity deficit. Subsequently, Warsh entered into numerous option transactions as set forth in Appendix A which established or increased option positions in his cross-margin account when his cross-margin account was in equity deficit.

FINDINGS

6. The acts, practices and conduct described in Paragraph 5 above constitute violations of Exchange Rules 4.1 and 4.2 and FRB Regulation X by Warsh, in that Warsh entered into numerous option transactions, as set forth in Appendix A to the Statement of Charges, which established or increased option positions in his cross-margin account when his cross-margin account was in equity deficit.

SANCTION

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

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Daniel I. Warsh, shall be and hereby is fined in the amount of two thousand five hundred dollars (\$2,500) and censured.

**SO ORDERED
FOR THE COMMITTEE**

Dated: December 18, 1997

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