



DISCIPLINARY DECISION

Cboe Exchange, Inc.

Star No. 20160517268/File No. USRI-8702

TJM Investments, LLC

Pursuant to Exchange Rule 17.3, attached to and incorporated as part of this Decision is a Letter of Consent.

Applicable Rule(s)

- Cboe Rule 4.1 – Just and Equitable Principles of Trade

Sanction

A censure and a monetary fine in the amount of \$75,000

Effective Date

October 18, 2019

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

CBOE EXCHANGE, INC.

In the Matter of:)

TJM Investments, LLC)
318 West Adams Street)
9th Floor)
Chicago, IL 60606)

STAR No. 20160517268

Subject)
_____)

LETTER OF CONSENT

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. (the “Exchange” or “Cboe”) Rule 17.3 – Expedited Proceeding, the Subject, TJM Investments, LLC (“TJM” or the “Firm”), hereby submits this Letter of Consent in the above captioned matter. Only for purposes of this proceeding, and without admitting or denying that a violation of Exchange Rules has been committed, TJM consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods, TJM was an Exchange Trading Permit Holder registered to conduct business on Cboe as a Clearing Trading Permit Holder and Floor Broker.
2. During all relevant periods, TJM was acting as a registered Broker-Dealer.
3. During all relevant periods, Exchange Rule 4.1 – Just and Equitable Principles of Trade was in full force and effect.
4. During all relevant periods, Exchange Rule 1.1(ggg) defined a “Professional” customer as “any person or entity that (a) is not a broker or dealer in securities and (b) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).” The rule further provided: “All Professional orders must be marked with the appropriate origin code determined by the Exchange.”
5. During all relevant periods, Interpretation and Policy .02 to Exchange Rule 6.51 required each Trading Permit Holder, when entering orders on the Exchange, “to submit trade information in such form as may be prescribed by the Exchange in order to allow the Exchange to properly prioritize and route orders pursuant to the rules of the Exchange and report resulting transactions to the Clearing Corporation.”

6. During all relevant periods, Exchange Rule 4.22 provided, in relevant part: “No Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any misrepresentation or omission in any application, report or other communication to the Exchange, or to the Clearing Corporation with respect to the reporting or clearance of any Exchange transaction . . .”
7. During all relevant periods, TJM operated as an introducing broker for its clients to clearing firm Merrill Lynch Professional Clearing Corp. (“Merrill Pro”). Further, during all relevant periods, TJM was a Direct Market Access client of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPFS”). TJM introduced its clients’ orders that were entered through REDI-Plus, an independent third party order entry system, to MLPFS for routing and execution.
8. From in or about October 2014 through in or about March 2016, TJM, after being notified by MLPFS that certain TJM accounts appeared to have collectively exceeded an average of 390 orders per day, failed to accurately convey to MLPFS the proper order origin code designation for its client, Aegea. As a result of TJM’s failure, Aegea’s orders continued to be mismarked and executed on the Exchange with a Customer origin code when, in accordance with Exchange Rule 1.1(ggg), such orders should have been marked with a Professional Customer origin code, in contravention of Exchange Rules 4.22 and 6.51, as described in Paragraphs 4, 5 and 6 above.
9. The acts, practices and conduct described in Paragraph 8 constitute a violation of Exchange Rule 4.1 by TJM, in that TJM failed to accurately convey to MLPFS its client’s proper order origin code designation, resulting in the execution of approximately 516,819 orders on Cboe with an incorrect origin code designation.


Sanction: A censure and a fine in the amount of \$75,000

Subject acknowledges that it has read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to it by the Exchange or its staff, and that this Letter of Consent is voluntary on its part.

Subject understands and acknowledges that the Exchange’s decision in this matter will become part of its disciplinary record and may be considered in any future Exchange proceeding.

Subject also acknowledges that the Chief Regulatory Officer’s decision to accept or reject this Letter of Consent is final, and that it may not seek review thereof in accordance with Exchange Rule 17.3.

10/17/2019
Date


TJM Investments, LLC

JOHN T BURKE
Print Name

COO
Title