



DISCIPLINARY DECISION

Cboe C2 Exchange, Inc.

Star No. 20180609116/File No. USRI-8190

Belvedere Trading, LLC

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

Applicable Rule(s)

- C2 Rules 8.5 – Obligations of Market-Makers and 8.6 – Market-Maker Quotes

Sanction

A censure and monetary fine of \$15,000

Acceptance Date

September 16, 2019

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

Cboe C2 Exchange, Inc.
LETTER OF CONSENT
Star No. 20180609116
File No. USRI-8190

In the Matter of:

Belvedere Trading, LLC
10 S. Riverside Plaza
Suite 2100
Chicago, IL 60606

Subject

Pursuant to the provisions of Cboe C2 Exchange, Inc. ("C2" or the "Exchange") Rule 17.3 – Expedited Proceeding,¹ Belvedere Trading, LLC (the "Firm") submits this Letter of Consent for the purpose of proposing a settlement of the alleged rule violations described below.

The Firm neither admits nor denies that a violation of C2 Rules has been committed, and the stipulation of facts and findings described herein do not constitute such an admission.

BACKGROUND

1. During all relevant periods herein, the Firm was acting as a registered Broker-Dealer and was an Exchange Trading Permit Holder registered to conduct business on the Exchange as a Market-Maker. The Firm's registrations remain in effect.
2. This matter originated from a review of the Firm's options market-making quoting activity for the period of in or around May 2018 through in or around November 2018 (the "Review Period") conducted by C2's Department of Market Regulation.²

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, the following rules were in full force and effect: C2 Rules 8.5 – Obligations of Market-Makers, and 8.6 – Market-Maker Quotes.

¹ The rules contained in Cboe Options Chapter XVII apply to C2 Trading Permit Holders.

² Cboe Matter USRI-8190.

4. During all relevant periods herein, C2 Rule 8.5 provided that transactions of a Market-Maker in its market making capacity must constitute a course of dealing reasonably calculated to contribute to the maintenance of a fair and orderly market. To that end, C2 Rule 8.5(a)(1) required Market-Makers to maintain a two-sided market, pursuant to C2 Rule 8.6(d), in those option classes in which the Market-Maker is appointed.
5. During all relevant periods herein, C2 Rule 8.6(d) required that a registered Market-Maker must enter continuous bids and offers in at least 60% of the option series of each appointed class for 90% of the trading day (*i.e.*, the “Two-Sided Obligation”). Pursuant to C2 Rule 8.6(d)(2), compliance with the Two-Sided Obligation is measured on both a daily and a monthly basis.

Market-Maker Obligations

6. On 13 trade dates during the Review Period, the Firm failed to maintain continuous electronic quotes as a Market-Maker in its appointed classes on a daily basis in 60% of the series of each appointed class for 90% of the trading day. In addition, the Firm did not meet its Market-Maker monthly quoting obligation in May and June of 2018.
7. The acts, practices and conduct described in Paragraph 6 constitutes separate and distinct violations of C2 Rules 8.5 and 8.6 by the Firm, in that the Firm failed on 13 trade dates during the Review Period to maintain continuous electronic quotes as a Market-Maker in its appointed classes on a daily basis in 60% of the series of each appointed class for 90% of the trading day, and failed to meet its Market-Maker monthly quoting obligation in May and June of 2018.

SANCTIONS

8. The Firm does not have any prior relevant formal disciplinary history specifically related to Market-Maker obligations.
9. In light of the alleged rule violations described above, the Firm consents to the imposition of the following sanctions:
 - a. A censure; and
 - b. A monetary fine in the amount of \$15,000.

If this Letter of Consent is accepted, the Firm acknowledges that it shall be bound by all terms, conditions, representations and acknowledgements of this Letter of Consent, and, in accordance with the provisions of Exchange Rule 17.3, waives the right to review or to defend against any of these allegations in a disciplinary hearing before a Hearing Panel. The Firm further waives the right to appeal any such decision to the Board of Directors, the U.S. Securities and Exchange Commission, a U.S. Federal District Court, or a U.S. Court of Appeals.

The Firm waives any right to claim bias or prejudgment of the Chief Regulatory Officer ("CRO") in connection with the CRO's participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including acceptance or rejection of this Letter of Consent.

The Firm agrees to pay the monetary sanction(s) upon notice that this Letter of Consent has been accepted and that such payment(s) are due and payable. The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The Firm understands that submission of this Letter of Consent is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to Exchange Rule 17.3. If the Letter of Consent is not accepted, it will not be used as evidence to prove any of the allegations against the Firm.

The Firm understands and acknowledges that acceptance of this Letter of Consent will become part of its disciplinary record and may be considered in any future actions brought by Cboe or any other regulator against the Firm.

The Firm understands that it may not deny the charges or make any statement that is inconsistent with the Letter of Consent. The Firm may attach a Corrective Action Statement to this Letter of Consent that is a statement of demonstrable corrective steps taken to prevent future misconduct. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of the Exchange or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this Letter of Consent and has been given a full opportunity to ask questions about it; that it has agreed to the Letter of Consent's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the Firm to submit it.

Date: September 11, 2019

Belvedere Trading, LLC

By: 

Name: William D'Anna

Title: CCO