



**DISCIPLINARY DECISION**  
**Cboe Futures Exchange, LLC**  
**File No. URE-186-09**  
**UBS Securities LLC**

Pursuant to Exchange Rule 703, attached to and incorporated as part of this Decision is a Letter of Consent, accepted by the CFE Business Conduct Committee.

**Applicable Rules**

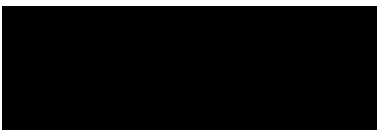
CFE Rules 415(e), (g), (h) and (n) – Block Trades

**Sanction**

A monetary fine in the amount of \$16,000.

**Effective Date**

May 1, 2023



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**Richard Bruder**  
**Chair, CFE Business Conduct Committee**

**Cboe Futures Exchange, LLC**  
**LETTER OF CONSENT**  
**File No. URE-186-09**

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In the Matter of:

UBS Securities LLC  
1285 Avenue of the Americas  
New York, NY 10019

Subject.

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Pursuant to the provisions of Cboe Futures Exchange, LLC (“CFE” or the “Exchange”) Rule 703 – Expedited Proceeding, UBS Securities LLC (“UBS” or 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 violations of Exchange Rules have been committed, and the stipulation of facts and findings described herein do not constitute such an admission.

**BACKGROUND**

1. During all relevant periods herein, UBS was a CFE Trading Privilege Holder (“TPH”). The Firm’s registration remains in effect.

**VIOLATIVE CONDUCT**

**Applicable Rules**

2. During all relevant periods herein (as applicable), CFE Rule 415 – Block Trades was in full effect, in relevant parts, as follows:

**CFE Rule 415(e)** - Each Trading Privilege Holder that acts as agent for a Block Trade shall record the following details on its order ticket: (i) the Contract (including the expiration); (ii) the number of contracts traded; (iii) the price of execution or premium; (iv) the time of execution (i.e., the time at which the parties agreed to the Block Trade); (v) the arrangement time, if any; (vi) the identity of the counterparty; (vii) that the transaction is a Block Trade; (viii) if applicable, the account number of the Customer for which the Block Trade was executed...

Every Trading Privilege Holder handling, executing, clearing or carrying Block Trades or positions shall identify and mark as such by appropriate symbol or designation all Block Trades or positions and all orders, records and memoranda pertaining thereto.

**CFE Rule 415(g)** Each party to a Block Trade is obligated to have an Authorized Reporter notify the Exchange of the terms of the Block Trade after the transaction is agreed upon. This notification must be made in accordance with paragraph (i) below within a Permissible Reporting Period by no later than the Reporting Deadline. All Block Trades will be submitted for clearing on the Business Day during which the transaction is fully reported to the Exchange.

**CFE Rule 415(h)** The notification to the Exchange of a Block Trade shall include (i) whether the Block Trade is a single leg transaction, a transaction in a spread or a transaction in a strip; (ii) the Contract identifier (or product and contract expiration for a future or product, expiration, strike price and type of option (put or call) in the case of an option), price (or premium for an option) and quantity of the Block Trade and whether the Block Trade is buy or sell; (iii) the time of execution (i.e., the time at which the parties agreed to the transaction); (iv) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the transaction at a later time); (v) Order Entry Operator ID; (vi) EFID; (vii) account; (viii) Clearing Corporation origin code; (ix) Customer Type Indicator code; and (x) any other information required by the Exchange.

**CFE Rule 415(n)** A Trading Privilege Holder may execute an Order placed for a nondiscretionary Customer account by means of a Block Trade only if the Customer has previously consented thereto. This consent may be obtained on either a trade-by-trade basis or for all such Orders.

### **Block Trade Violations**

3. On January 25, 2022, UBS executed a block trade (Cboe Volatility Index (VX) Futures – March 2022) with the time of execution incorrectly documented as 10:18 a.m., when the terms of the trade were agreed upon between the parties at 10:03 a.m. The order ticket did not include the customer’s account number, nor did the order ticket designate the trade as a “block.”
4. The acts, practices and conduct described in paragraph 3 constitute a violation of CFE Rule 415 (e) by UBS, in that the order ticket did not include all required information .
5. On January 25, 2022, UBS executed a block trade that was not reported timely to the Exchange. A block trade must be fully reported to the Exchange within ten minutes after the transaction is agreed upon (“Reporting Deadline”) and the Broker is responsible for collecting the information needed by the Authorized Reporter to notify the Exchange of the terms of the trade. As noted above, it was determined that the block trade was executed at 10:03 a.m.

when the parties agreed to the terms, dictating a Reporting Deadline of 10:13 a.m. All the required information was provided to UBS at 10:09 a.m., yet UBS did not relay the required information to the Authorized Reporter until 10:18 a.m., after the Reporting Deadline. The Authorized Reporter reported the block trade at 10:25 a.m., about 12 minutes outside of the Reporting Deadline.

6. The acts, practices and conduct described in paragraph 5 constitute a violation of CFE Rule 415 (g) by UBS, in that the block trade was not reported timely to the Exchange.
7. On January 25, 2022, UBS executed a block trade and failed to provide all required information of the block trade to the Authorized Reporter so that the Authorized Reporter could report the trade accurately.
8. The acts, practices and conduct described in paragraph 7 constitute a violation of CFE Rule 415(h) by UBS, in that UBS did not provide all required information to the Authorized Reporter.
9. On January 25, 2022, UBS executed a block trade for a customer, but failed to obtain previous consent from its customer to execute the transaction as a block trade.
10. The acts, practices and conduct described in paragraph 9 constitute a violation of CFE Rule 415(n) by UBS, in that UBS did not obtain previous consent from its customer to execute the transaction as a block trade.

#### **RELEVANT REGULATORY HISTORY**

11. UBS has relevant regulatory history of violating subsections (e), (g), (h) and (n) of CFE Rule 415.

#### **SANCTION**

12. In light of the alleged rule violations and regulatory history described above, the Firm consents to the imposition of the following sanctions:

- a. A monetary fine in the amount of \$16,000.

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 703, waives the right to review or to defend against any of these allegations in a disciplinary hearing before a CFE Business Conduct Committee ("BCC"). The Firm further waives the right to appeal any such decision to the Commodity Futures Trading 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 BCC in connection with the BCC'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 sanctions upon notice that this Letter of Consent has been accepted by the BCC and that such payments 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 sanctions 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 BCC, pursuant to Exchange Rule 703. 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 the Exchange or any other regulator against the Firm. The Letter of Consent will be published on a website maintained by the Exchange.

**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:** April 12, 2023

**UBS Securities LLC**

**By:** \_\_\_\_\_

**Name:** Darya Geetter

**Title:** Managing Director, Head of US Securities Regulatory Affairs