

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

In the Matter of:)

Merrill Lynch Professional Clearing Corp.)

Bank of America Tower)

One Bryant Park)

Mail Stop: NY1-100-17-01)

New York, NY 10036)

Subject)
_____)

File No. 10-0040

DECISION ACCEPTING LETTER OF CONSENT

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. In order to resolve this matter, the subject, Merrill Lynch Professional Clearing Corp. has submitted a Letter of Consent. Such Letter of Consent was submitted solely for the purposes of this proceeding without admitting or denying that a violation of Exchange Rules has been committed. With due regard to the stipulated facts and findings and the proposed sanction contained therein, the Committee believes it is appropriate to accept the Letter of Consent for File No. 10-0040 which is attached to and made a part of this Decision.

SO ORDERED
FOR THE COMMITTEE

Dated: February 28, 2011

By: /s/ Bruce Andrews
Bruce Andrews
Chairman
Business Conduct Committee

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One Bryant Park)	File No. 10-0040
Mail Stop: NY1-100-17-01)	
New York, NY 10036)	
)	
Subject)	
)	

LETTER OF CONSENT

In order to resolve this proceeding pursuant to Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) Rule 17.3, Expedited Proceeding, the Subject, Merrill Lynch Professional Clearing Corp. (“Merrill Pro”), 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, Merrill Pro consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, Merrill Pro was registered to transact business on the Exchange in accordance with Exchange Rules as a Floor Broker and Clearing Member.¹
2. During all relevant periods herein, Exchange Rule 8.9(b) Securities Accounts and Orders of Market-Makers, was in full force and effect.
3. Pursuant to CBOE Rule 8.9(b), all Market-Maker trading activity as well as all opening and closing positions in related securities must be reported to the CBOE Stock Exchange (“CBSX”) daily by clearing firms which clear market-maker activity.²

¹ n/k/a TPH organization.

² In a manner prescribed by the Exchange, with respect to transactions to be cleared into all accounts carried for Market-Makers who are the subject of a clearing firm Letter of Guarantee issued pursuant to Rule 8.5, each clearing firm shall, on the business day following order entry date, report to the Exchange every executed order entered by the Market-Maker for the purchase or sale of (i) a security underlying options traded on the Exchange or (ii) a security convertible into or exchangeable for such underlying security or (iii) a security traded on the Exchange (including, with respect to multiply listed securities, orders sent to another exchange), as well as opening and closing positions in all such securities held in each such account.

4. In or about August 2007 through in or about December 2010, Merrill Pro failed to report certain Market-Maker equity trading activity and positions for several CBSX Trading Permit Holders.
5. The acts, practices and conduct described in Paragraph 4 above, constitute violations of Exchange Rule 8.9(b), by Merrill Pro, in that Merrill failed to report certain Market-Maker equity trading activity and positions for several CBSX Trading Permit Holders.

Sanction: A \$20,000 fine and a censure.

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 Committee'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 Committee'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.

Dated: February 9, 2011 **By:** /s/ Merrill Lynch Professional Clearing Corp.
Merrill Lynch Professional Clearing Corp.