

**NASDAQ PHLX LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: CIBC World Markets Corp.
Mr. Jeffrey D. Thibeault
Chief Executive Officer
425 Lexington Avenue
New York, NY 10018**

**FROM: Nasdaq PHLX LLC (“PHLX”)
c/o Financial Industry Regulatory Authority (“FINRA”)
Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, MD 20850**

DATE: October 28, 2019

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 2017053128902

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent (“AWC”) has been accepted on **October 28, 2019** by the PHLX Review Council’s Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the PHLX Review Council, pursuant to PHLX Rule 9216. A copy of the AWC is enclosed herewith.


You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration (“Form BD”) to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or PHLX if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Department of Enforcement, 15200 Omega Drive, Suite 300, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by Nasdaq’s Finance Department regarding the payment of any fine if a fine has been imposed.

CIBC World Markets Corp.
Page 2

If you have any questions concerning this matter, please contact me at (646) 430-7059.



Steven M. Tanner
Senior Counsel
Department of Enforcement, FINRA
Signed on behalf of PHLX

Enclosure

FINRA District 10 – New York
William St. Louis
Senior Vice President and Regional Director
(Via email)

NASDAQ PHLX LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20170531289-02

TO: Nasdaq PHLX LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: CIBC World Markets Corp., Respondent
Broker-Dealer
CRD No. 630

Pursuant to Rule 9216 of Nasdaq PHLX LLC ("PHLX") Code of Procedure, CIBC World Markets Corp. (the "Firm", "CIBC" or "Respondent") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, PHLX will not bring any future actions against the Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of PHLX, or to which PHLX is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by PHLX:

BACKGROUND

The firm has been a PHLX member since September 14, 2012, and a member of FINRA since March 14, 1950. Its registrations remain in effect. The firm is an indirect, wholly-owned subsidiary of Canadian Imperial Bank of Commerce. The firm's U.S. headquarters are in New York, New York, and it has eight branch offices. It currently employs approximately 328 registered representatives. The firm provides a range of investment banking services, including debt and equity financing, corporate lending, prime brokerage services, execution services across all asset classes, and proprietary trading.

The firm does not have any relevant disciplinary history.

SUMMARY

1. The Financial Industry Regulatory Authority's ("FINRA") Trading and Financial Compliance Examinations staff (the "Staff") within the Department of Market Regulation, on behalf of PHLX and other options exchanges, conducted a review of the manual options order tickets handled by the firm during the period between February 13, 2017 and February 17, 2017 (the "Exam Review Period").

2. During the Exam Review Period, CIBC failed to accurately record the order receipt and order transmission times of manual options orders it had routed to PHLX and various other national securities exchanges for execution in violation of Rule 17a-3(a)(6)(i) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and PHLX Rule 760. From February 2017 through October 2017 (the “Supervisory Review Period”), the firm also violated PHLX Rule 748 by failing to establish, maintain and enforce written supervisory procedures (“WSPs”) and a system of supervision that were reasonably designed to achieve compliance with, and to detect and prevent violations of the applicable federal securities laws and PHLX rules that: (i) require the accurate documentation of the order receipt and transmission times of options orders; and (ii) prohibit front-running and anticipatory hedging.

FACTS AND VIOLATIVE CONDUCT

3. The recordkeeping provisions of the federal securities laws and PHLX rules are designed to ensure that regulators have access to certain basic information about securities transactions. Access to transaction records serves as an essential component for effective surveillance and examination of broker-dealers by PHLX and other self-regulatory organizations.
4. Section 17 of the Exchange Act and Exchange Rule 17a-3(a)(6)(i) promulgated thereunder require broker-dealers, such as CIBC, to create a brokerage order ticket of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. In relevant part, the rule requires the brokerage order ticket to show, among other things, the terms and conditions of the order or instructions, the time the order was received, the time the order was entered, and the time of execution or cancellation. Such records must be accurate.
5. PHLX Rule 760 requires member firms to make, keep current, and preserve books and records as prescribed by the Exchange Act.
6. PHLX Rule 748(h) requires member organizations to establish, maintain and enforce WSPs, and a system of supervision for applying such procedures, that are reasonably designed to supervise the types of businesses and activities in which they and their associated persons engage in order to achieve compliance with, and to prevent and detect violations of, applicable securities laws and regulations, including the By-Laws and Rules of the Exchange.
7. During 2017, the firm handled approximately 520 manual options orders, approximately 59% of which were 308 manual customer options orders routed to certain option exchanges. Thirty-two manual customer options orders routed to these options exchanges during the Exam Review Period were reviewed for timestamp accuracy.

8. From the 32 manual customer options orders routed to various options exchanges for execution during the Exam Review Period, the firm did not maintain an accurate record of the order receipt time for 21 (approximately 66%) of the sampled orders. Of these 21 orders, five were executed on PHLX.
9. From the 32 manual customer options orders routed to various options exchanges for execution during the Exam Review Period, the firm did not maintain an accurate record of the order transmission time for 32 (100%) of those orders. Of these 32 orders, five were executed on PHLX. A system flaw prevented the firm from capturing an accurate order transmission time, because the system was designed to capture the time it received an execution report, rather than when the order was actually transmitted.
10. The conduct described in paragraphs eight and nine constitutes violations of Rule 17a-3(a)(6)(i) promulgated under the Exchange Act, and PHLX Rule 760.
11. During the Supervisory Review Period, the firm failed to establish and maintain WSPs and a supervisory system applicable to the Firm's U.S. Equity Sales and Trading Desk ("ED Desk") that were reasonably designed to achieve compliance with, and to detect and prevent violations of, the recordkeeping provisions of the federal securities laws and PHLX rules that require the accurate documentation of the order receipt and transmission times of options orders. During the Supervisory Review Period, the firm's WSPs and supervisory system did not include a supervisory review of the accuracy of order receipt and order transmission times of options orders handled by its ED Desk.
12. The conduct described in paragraph 11 constitutes a violation of PHLX Rule 748.
13. During the Supervisory Review Period, the firm failed to establish and maintain WSPs and a supervisory system applicable to the ED Desk that were reasonably designed to achieve compliance with Exchange rules prohibiting anticipatory hedging and front-running. The WSPs stated that a review was to be conducted for indications of possible prohibited activities such as front-running of customer orders, but excluded trading principally for client facilitation or bona fide hedging purposes. Additionally, the WSPs did not make any reference as to how its review for anticipatory hedging and front-running was to be conducted.
14. The conduct described in paragraph 13 constitutes a violation of PHLX Rule 748.

B. The firm also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine of \$100,000, of which \$33,333.33 (\$23,333.33 for the books and records violations, and \$10,000.00 for the supervision violations), shall be paid to the Exchange.¹

Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between the firm and NYSE Arca, Inc. and Nasdaq ISE, LLC.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted a Payment Information form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under PHLX's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the PHLX Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer, the PHLX Review Council, or any member of the PHLX Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144,

¹ The balance of the fine shall be paid to NYSE Arca, Inc. and Nasdaq ISE, LLC.

in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

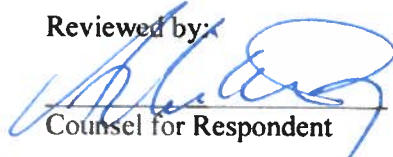
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Enforcement and the PHLX Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to PHLX Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Respondent; and
- C. If accepted:
 - 1. This AWC will become part of the Respondent's permanent disciplinary record and may be considered in any future actions brought by PHLX or any other regulator against the Respondent;
 - 2. PHLX may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with PHLX Rule 8310 and IM-8310-3; and
 - 3. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of PHLX, or to which PHLX is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Respondent's right to take legal or factual positions in litigation or other legal proceedings in which PHLX is not a party.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by PHLX, nor does it reflect the views of PHLX 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 AWC and has been given a full opportunity to ask questions about it; that the Firm has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

CIBC World Markets Corp.
Respondent

Sept. 12, 2019
Date


By: Jeffrey Thibeault
Name: Jeffrey Thibeault
Title: Chief Compliance Officer

Reviewed by: 
Counsel for Respondent

Accepted by PHLX:

10/28/2019
Date

Signed on behalf of the
Director of ODA, by delegated authority


Steven M. Tanner
Senior Counsel
Department of Enforcement

Signed on behalf of PHLX, by delegated
authority from the Director of ODA

PAYMENT INFORMATION

The fine amount will be reflected on an upcoming invoice and will be direct debited from the account for your firm that Nasdaq currently has on file. ***Please DO NOT submit payment at this time.***

Please inform your finance or applicable department of this forthcoming debit.

If you need to arrange for an alternative method of payment, please contact Nasdaq at (301) 978-8310 by no later than the last business day of the month in which the Notice of Acceptance of the AWC was issued. ***Otherwise, a direct debit will process from the account for your firm that Nasdaq currently has on file.***

Respectfully submitted,

CIBC World Markets Corp.
Respondent

Sept. 12, 2019

Date

By: Jeffrey Thibeault

Name: Jeffrey Thibeault

Title: Chief Compliance Officer