



**DISCIPLINARY DECISION**

**Cboe Exchange, Inc.**

**File No. URE-131-01**

**Sumo Capital, LLC**

Pursuant to Exchange Rule 13.3, attached to and incorporated as part of this Decision is a Letter of Consent.

**Applicable Rules**

- Cboe Rules 5.52 – Market-Maker Quotes and 8.16 – Supervision.

**Sanction**

A censure and a monetary fine in the amount of \$7,000.

**Effective Date**

December 29, 2022

/s/Greg Hoogasian

Greg Hoogasian, CRO, EVP

**Cboe Exchange, Inc.**  
**LETTER OF CONSENT**  
**File No. URE-131-01**

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In the Matter of:

Sumo Capital, LLC  
425 S. Financial Place, 15<sup>th</sup> Floor  
Chicago, IL 60605

Subject

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Pursuant to the provisions of Cboe Exchange, Inc. (“the “Exchange”) Rule 13.3 – Expedited Proceeding, Sumo Capital, 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 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, the Firm was acting as a registered Broker-Dealer and was an Exchange Trading Permit Holder (“TPH”) registered to conduct business on the Exchange as a Market-Maker. The Firm’s registrations remain in effect.

**VIOLATIVE CONDUCT**

**Applicable Rules**

2. During all relevant periods herein, the following rules were in full force and effect: Exchange Rules 5.52 – Market-Maker Quotes and 8.16 – Supervision.
3. During all relevant periods herein, Exchange Rule 5.51(a)(1) provided, in relevant part that in registering as Market-Makers, TPHs commit themselves to various obligations, including, among other things, maintaining continuous two-sided markets in each of their appointed classes during trading hours, pursuant to Rule 5.52(d).

4. During all relevant periods herein, Exchange Rule 5.52(d)(2) provided, in relevant part that “a Market-Maker must provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) for 90% of the time the Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day. A Market-Maker must provide continuous quotes in 60% of the series of the Market-Maker’s appointed classes, excluding any adjusted series, any intra-day add-on series on the day during which such series are added for trading, any Quarterly Option series, and any series with an expiration of greater than 270 days.”
5. During all relevant periods herein, Exchange Rule 8.16(e) provided, in relevant part that “[E]ach Trading Permit Holder shall establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, to supervise the types of business in which the Trading Permit Holder engages and to supervise the activities of all associated persons. The written supervisory procedures and the system for applying such procedures shall reasonably be designed to prevent and detect violations of applicable securities laws and regulations, and applicable Exchange rules.”

### **Market-Maker Quotes**

6. The Firm held an appointment in the S&P 100 (“OEX”) options class during June 2022.
7. On various dates from on or about June 7, 2022 through on or about June 24, 2022, the Firm failed to fulfill its Market-Maker obligations by maintaining continuous quotes in OEX on the Exchange. Specifically, on June 7, 8, 9, 10, 21, 22, 23 and 24, the Firm failed to provide continuous bids and offers for the required amount of time in OEX.
8. The acts, practices and conduct described in Paragraph 7 constitute violations of Exchange Rule 5.52 by the Firm.

### **Supervision**

9. From in or about June 2022 through the present, the Firm failed to establish, maintain, and enforce Written Supervisory Procedures (“WSPs”) and a system for applying such WSPs, reasonably designed to ensure compliance with the requirements of Market-Makers to maintain continuous quotes, consistent with Cboe Rules. Specifically, the Firm’s WSPs did not include processes that ensured the Firm was including in its trading platforms all relevant option series in which it was required to provide continuous quotes and did not provide for an adequate monitoring process to detect and prevent continuing violations.

10. The acts, practices and conduct described in Paragraph 9 constitute violations of Exchange Rule 8.16 by the Firm.

**SANCTION**

11. The Firm does not have any prior relevant formal disciplinary history specifically related to its continuous quoting obligations.

12. 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 \$7,000.

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 13.3, 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 13.3. 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 the Exchange 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: 12/21/22

Sumo Capital, LLC

By: 

Name: Joseph Stauder

Title: CCO