

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060044641-01**

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REGISTRATION & DISCLOSURE

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to NASD Rule 9216 of FINRA Code of Procedure, CIBC World Markets Corp. ("CIBC" or the "firm") 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, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I

ACCEPTANCE AND CONSENT

- A. The firm 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 FINRA, or to which FINRA 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 FINRA:

Background and Relevant Disciplinary History

The firm has been a member of FINRA (f/k/a NASD) since 1950. The firm has the following relevant disciplinary history.

- On October 30, 2002, an AWC became final pursuant to which FINRA fined the firm \$5,000 for transmitting reports to the Order Audit Trail System ("OATS") that contained inaccurate information in violation of NASD Rules 2110 and 6955.

Facts and Violative Conduct

1. Beginning in or about May 2003, CIBC began using "WGCO" as a second market participant identifier ("MPID") to provide sponsored market access to Canadian Imperial Holdings, Inc. ("CIHI"). CIHI is an affiliate of CIBC that engages in index and statistical arbitrage trading through a customer account held at the firm. This trading activity is managed by CIBC-registered representatives who serve as its traders. CIHI uses its own software to transmit orders directly to other market participants. While CIHI's orders do not flow through CIBC's order routing system, the FIX Protocol Message attached to each order identifies "WGGO" as the routing broker.
2. Between May 2003 and February 2006, CIHI transmitted approximately 28 million orders for Nasdaq securities using the WGCO identifier. None of these orders were reported to OATS by CIBC. CIBC's failure to report to OATS the orders generated by its sponsored access customer, CIHI, violated NASD Marketplace Rule 6955(a) and NASD Conduct Rule 2110.
3. FINRA members that provide sponsored access to non-FINRA members are required to monitor the trading activity of the sponsored participant. CIBC permitted CIHI to use the WGCO MPID but failed to monitor CIHI's use of the WGCO identifier. From May 2003 through February 2006, CIBC's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and NASD Rules concerning supervision of the use of the WGCO MPID. Specifically, the firm had no supervisory procedures in place to reasonably supervise CIHI's use of the WGCO identifier to access the market. The firm also failed to designate a principal of the firm to supervise this activity.
4. In June 2005, the OATS review group of FINRA's Market Regulation Department requested FINRA members to respond to a questionnaire addressing the members' supervision of OATS reporting. In its response, CIBC represented that it had conducted a comprehensive review across all business lines to ensure that all areas of the member's business that were subject to the OATS rules were, in fact, reporting to OATS as required. Notwithstanding the firm's affirmative response to the OATS supervision questionnaire, CIBC did not conduct such a review for CIHI's use of WGCO.
5. The conduct described in the preceding paragraphs constitutes a violation

of NASD Conduct Rules 2110 and 3010.

6. In February 2006, CIBC discovered that orders being transmitted by CIHI using the WGO MPID were not being reported to OATS. CIBC immediately discontinued CIHI's use of the WGO MPID and notified FINRA's Department of Market Regulation of the problem. Thereafter, CIBC adopted new OATS procedures specific to WGO and the firm began reporting all WGO orders to OATS. CIBC also assigned a principal of the firm to supervise CIHI's use of the WGO MPID. The sanctions set forth below take into consideration the fact that CIBC self-reported the OATS violations and took prompt remedial steps to address the problem.

- B. The firm also consents to the imposition, at a maximum, of the following sanctions:

A censure and fine of \$350,000 (\$150,000 for the OATS reporting violations and \$200,000 for supervisory violations).

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that payment is due and payable. The firm has submitted an Election of Payment form showing the method by which the firm proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that the firm 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

The firm specifically and voluntarily waives the following rights granted under FINRA'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 National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, 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.

The firm 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, 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

The firm 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 the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD 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 firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
 - 4. the firm 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. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 FINRA, nor does it reflect the views of FINRA or its staff.

The firm certifies that the firm 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 its 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.

12-5-07
Date

Respondent
CIBC World Markets Corp.

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

Reviewed by:
[Signature]
Counsel for Respondent

Accepted by FINRA:

1/7/08
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation