

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090178862-01**

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

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

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, CIBC World Markets Corp. ("CWMK" 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

The firm has been a member of FINRA since 1950, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

SUMMARY

Between 2002 and 2009, CWMK violated NASD and FINRA short interest position reporting rules by reporting short interest positions held in a customer's accounts based on the "net" long and short positions held in the accounts, rather than on the "gross" short positions held in the customer's accounts and, by including in its short interest reports certain positions held in non-cash collateral accounts. During this same period, CWMK's written supervisory procedures were not reasonably designed to achieve compliance with the short interest position reporting rules.

FACTS AND VIOLATIVE CONDUCT

In Market Regulation Review No. 20090178862, the Short Sale Section of FINRA's Department of Market Regulation conducted a review of the firm's compliance with short interest position reporting rules during the period December 13, 2002 through September 15, 2009.

Netting of Long and Short Positions Held in Affiliate's Trading Accounts

1. Between 2004 and 2009, CWMK netted, for short interest reporting purposes, long positions held in trading accounts of a non-broker dealer affiliate of the firm ("affiliate") against short positions in the same securities held in the affiliate's trading accounts. Specifically, from May 14, 2004 through February 13, 2009, CWMK's short interest reporting logic netted Type 2 (margin long) positions with Type 5 (short) positions in the same security within each individual trading account held by the affiliate.
2. Beginning with settlement date February 27, 2009, CWMK changed its short interest reporting logic and began netting long and short positions across the affiliate's multiple trading accounts.
3. As a result of the firm's intra-account netting of long and short positions held within each of the affiliate's trading accounts described in paragraph one, and the firm's netting of long and short positions across all of the affiliate's trading accounts described in paragraph two, for settlement dates May 14, 2004, through September 15, 2009, CWMK reported 2,583 short interest positions totaling 55,494,606 shares when it should have reported 8,600 positions totaling 93,172,107 shares.
4. On September 30, 2009, CWMK discontinued its policies of netting positions within each of the affiliate's accounts, and the netting of long and short positions across all of the affiliate's accounts, and revised its short interest reporting logic. After September 30, 2009, only Type 5 short positions were included in the firm's short interest reports, without regard to any offsetting positions in the same account, or long positions in any other account held by the affiliate.

Inclusion of Positions Held in Non-Cash Collateral Accounts in Short Interest Reports

5. Between December 2002 and February 2009, CWMK included certain positions held in the affiliate's non-cash collateral account in the firm's short interest reports. Because the positions held in

these non-cash accounts did not result from short sales pursuant to Rule 200(a) of Regulation SHO, they were not reportable as short interest positions. As a result of this error, for settlement dates December 13, 2002 through February 13, 2009, CWMK reported 212 short interest positions totaling 108,652,970 shares when it should have reported 104 positions totaling 3,037,270 shares.

6. The conduct described in paragraphs one through five above, constitute separate and distinct violations of NASD Rule 3360 (for conduct occurring before December 15, 2008) and FINRA Rule 4560 (for conduct occurring on or after December 15, 2008).

Supervision

7. During the review period, the firm failed to establish, maintain and enforce a system of supervision and written supervisory procedures reasonably designed to achieve compliance with NASD Rule 3360 and FINRA Rule 4560. Specifically, the firm's written supervisory procedures stated that, in calculating short interest positions, long and short positions within individual accounts were to be netted against each other, and reported only if a net short position was maintained. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 3010 and FINRA Rule 2010.

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

A censure and a fine of \$130,000 (consisting of a fine of \$115,000 for violations of NASD Rule 3360 and FINRA Rule 4560, and \$15,000 for violations of FINRA Rule 2010 and NASD Rules 2110 and 3010), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.7 above. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council, ("NAC"), a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph I.A.7 above; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 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 Complaint issued specifying the allegations against the firm;
- B. To be notified of the 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 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 prejudice 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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 FINRA 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 FINRA Rule 8313; 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: (i) testimonial obligations; or (ii) 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 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 it 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.

Oct. 11, 2013
Date

Respondent
CIBC World Markets Corp.

By: Jeffrey Thibeault

Name: Jeffrey Thibeault

Title: Chief Compliance Officer

Reviewed by: [Signature]
~~Attorney Name~~ Achilles M. Pessy
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

11-4-13
Date

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

[Signature]

David E. Rosenstein
Senior Vice President
Department of Market Regulation