

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022075778501**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: CIBC World Markets Corp. (Respondent)
Member Firm
CRD No. 630

Pursuant to FINRA Rule 9216, Respondent CIBC World Markets Corp. 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 Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

CIBC World Markets Corp. has been a FINRA member since 1950. CIBC is headquartered in New York City, has five branch offices, and employs approximately 500 registered representatives.¹

OVERVIEW

Between April 2019 and September 2025, CIBC failed to report or inaccurately reported 7,501 over-the-counter (OTC) options positions to the Large Options Positions Reporting (LOPR) system in 1,418,430 instances, in violation of FINRA Rules 2360(b)(5) and 2010. Between April 2019 and July 2025, the firm also failed to maintain and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with FINRA Rule 2360 in violation of FINRA Rules 3110 and 2010. For these violations, CIBC is censured and fined \$425,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's surveillance of OTC position limits.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

A. CIBC failed to report, or inaccurately reported, OTC positions to the LOPR.

FINRA requires member firms to report large options positions to the LOPR.² FINRA uses LOPR information to identify holders of large options positions and to surveil for potentially manipulative behavior, including attempts to corner the market in the underlying equity, leverage an option position to affect the price, or move the underlying equity to change the value of a large option position. The accuracy of LOPR reporting is essential to FINRA's surveillance. It is particularly important with respect to the OTC options market because there is no independent source of data for regulators to review OTC options.

FINRA Rule 2360(b)(5) requires member firms to report to the LOPR each customer or firm account that, acting alone or in concert, has established an aggregate position of 200 or more option contracts on the same side of the market covering the same underlying security or index. The report must identify the account holder and the total number of option contracts for each options class comprising the reportable position and must include other information as prescribed by FINRA. A violation of FINRA Rule 2360(b)(5) also is a violation of FINRA Rule 2010, which requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

Between April 2019 and September 2025, CIBC failed to report, or inaccurately reported, OTC options positions to the LOPR in 1,418,430 instances.³ These reporting violations stemmed from three separate issues.

First, between April 2019 and September 2025, CIBC inaccurately reported 3,473 OTC options positions to the LOPR in 874,708 instances because the firm applied LOPR logic that overrode open position reports when reporting new options contracts that were identical to an existing position executed on a prior trading day. Thus, when the firm reported a new options contract that was otherwise identical to a previously reported position, the LOPR only reflected the quantity of the most recent trade, rather than the total aggregate quantity. CIBC revised its LOPR logic to issue records with the correct aggregate quantity for identical contracts.

Second, between October 2020 and September 2022, CIBC failed to report 2,478 OTC options positions to the LOPR in 422,282 instances due to the firm's failure to enter Tax ID numbers when onboarding certain accounts. The firm applied LOPR logic that prevented the firm from submitting records without all "unique fields," including Tax ID numbers.⁴ LOPR-reportable trades for accounts without a Tax ID number were

² The Options Clearing Corporation (OCC) hosts the LOPR system and collects and disseminates all LOPR data for the U.S. options exchanges and FINRA.

³ An "instance" occurs where a firm fails to report, or inaccurately reports, a position for one day. The number of instances is determined by multiplying a given reportable position by the number of trade dates that the position was not reported or was reported inaccurately.

⁴ Certain reported fields are considered "unique fields," which the OCC uses to group incoming reports to ensure there is no duplication of reporting.

quarantined in an internal queue for further review and escalation. Due to human error, however, the quarantined trades were not reviewed or reported. In September 2022, CIBC added Tax ID numbers to the affected accounts and all LOPR-reportable positions were submitted to the OCC.

Third, between April 2019 and September 2023, CIBC inaccurately reported 1,550 OTC options positions to the LOPR in 121,440 instances. When CIBC made certain amendments in the firm's risk system, the firm applied LOPR logic that caused certain reportable positions not to be reported. In September 2023, CIBC updated its LOPR logic to remediate this issue.

Therefore, CIBC violated FINRA Rules 2360(b)(5) and 2010.

B. CIBC failed to reasonably supervise LOPR reporting.

FINRA Rule 3110 requires member firms to establish and maintain a supervisory system, including written procedures, to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules. A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010.

Between April 2019 and July 2025, CIBC failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with FINRA Rule 2360. CIBC monitored the creation and submission of its LOPR reporting on a daily basis, including monitoring for rejected positions, but the firm did not have a supervisory process for ensuring the accuracy and completeness of its LOPR reporting. Further, CIBC had no supervisory process to ensure its internal queue of quarantined trades was reviewed to identify and report LOPR-reportable positions. As a result, CIBC failed to identify the above inaccuracies in its LOPR reporting for more than six years, and it failed to review and report quarantined transactions missing a Tax ID number for almost two years.

CIBC has taken several corrective steps. First, in November 2022, the firm updated its written supervisory procedures to require daily oversight of its internal queue of quarantined trades. Second, in January 2025, CIBC hired an employee to build and manage processes for secondary oversight of LOPR reporting. Third, in July 2025, the firm implemented a new written supervisory procedure governing daily reconciliation of the firm's LOPR submissions with its trading records to ensure accuracy and completeness in LOPR reporting.

By failing to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with FINRA Rule 2360, CIBC violated FINRA Rules 3110 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$425,000 fine.

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 an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a complaint issued specifying the allegations against it;
- 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 National Adjudicatory Council (NAC) 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 Legal Officer, 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 its acceptance or rejection.

Respondent 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

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 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. 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 FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- 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 FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

October 21, 2025
Date


CIBC World Markets Corp.
Respondent

Print Name: PATRICK D. CONSOLA

Title: Chief Compliance Officer

Reviewed by:


Russell D. Sacks
Counsel for Respondent
King & Spalding LLP
1185 Avenue of the Americas
34th Floor
New York, NY 10036

Accepted by FINRA:

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

October 29, 2025
Date


Daniella Roseman
Counsel
FINRA
Department of Enforcement
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