

**NASDAQ OMX BX, INC.
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Timber Hill, LLC
Mr. David M. Battan
Executive Vice President and General Counsel
One Pickwick Plaza
Suite 200
Greenwich, CT 06830**

**FROM: The NASDAQ OMX BX, Inc. (the "Exchange")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Market Regulation
9509 Key West Avenue
Rockville, MD 20850**

DATE: December 2, 2013

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20100237398-01

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Exchange Review Council, pursuant to Nasdaq OMX BX 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 the Exchange 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 will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by the Nasdaq's Finance Department regarding the payment of any fine if a fine has been imposed.

Timber Hill, LLC
Page 2

If you have any questions concerning this matter, please call Theresa Clarkson, Counsel,
at (212) 858-4326.



Eric Brown
Chief Counsel, Legal Section
Department of Market Regulation, FINRA

Signed on behalf of Nasdaq OMX BX, Inc.

Enclosure

FINRA District 11 – Boston
Elizabeth F. page
Director
99 High Street
Suite 900
Boston, MA 02110

David M. Battan
Executive Vice President
Legal/Compliance
Timber Hill, LLC
1725 I Street, N.W.
Suite 300
Washington D.C. 20006

NASDAQ OMX BX, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100237398-01

TO: NASDAQ OMX BX, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority (“FINRA”)

RE: Timber Hill, LLC, Respondent
Broker-Dealer
CRD No. 33319

Pursuant to Chapter XXX of the Grandfathered Rules of NASDAQ OMX BX, Inc.¹ (“BX” or the “Exchange”)² and Rule 9216 of the Exchange Code of Procedure, Timber Hill, LLC (the “Firm” or “TMBR”) 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, the Exchange will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. TMBR 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 the Exchange, or to which the Exchange 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 the Exchange:

BACKGROUND

TMBR became a Participant of the Boston Options Exchange (“BOX”)³ on January 14, 2004, when its Options Participation Agreement was accepted by the Exchange. Under the terms of that agreement, the Firm agreed, among other things, to be bound by the Rules of the Exchange, as amended, including the BOX Trading Rules, and to be subject to the Exchange’s jurisdiction and oversight.

The Firm does not have any relevant disciplinary history.

¹ The applicable Rules and authority for this action can be found in the By-Laws of NASDAQ OMX BX, Inc., the Rules of NASDAQ OMX BX (“The Equities Rules”) and the Grandfathered Rules of the Exchange.

² Please note, for purposes of this AWC, “Exchange” includes NASDAQ OMX BX, Inc.

³ BOX became a facility of NASDAQ OMX BX in August 2008.

SUMMARY

In connection with matter 20100237398, FINRA staff (“Staff”), on behalf of BOX, conducted a review of TMBR’s compliance with Chapter XII, Section 3 of the BOX Trading Rules (locked/crossed market obligations) during the periods August 31, 2009 through February 28, 2010, and May 1, 2010 through July 31, 2010 (collectively “the review period”).

FACTS AND VIOLATIVE CONDUCT

Locked/Crossed Market Obligations

1. During the review period, TMBR failed to reasonably avoid displaying and engaging in a pattern or practice of displaying quotations that locked or crossed a Protected Quotation, in that the Firm locked or crossed a Protected Quotation: (i) on 183 occasions (52 of which lasted at least six seconds), with each occasion lasting an average of 23.99 seconds, during October 2009; and (ii) on 1,193 occasions (168 of which lasted at least six seconds), with each occasion lasting an average of 8.26 seconds, during July 2010.
2. The conduct described in paragraph one above constitutes separate and distinct violations of Chapter XII, Section 3 of the BOX Trading Rules.

Supervision

3. During the review period and through September 2013, Respondent failed to establish and maintain an adequate system of supervision, including adequate written supervisory procedures, to ensure compliance with Exchange rules relating to locked and crossed market surveillance and Chapter XII, Section 3 of the BOX Trading Rules.
4. The conduct described in paragraph three above constitutes a violation of Chapter V, Section 1(b)(iv) of the BOX Trading Rules.

B. The Firm also consents to the imposition of the following sanction:

A censure and a total fine of \$10,000.

The sanction imposed herein shall become effective upon approval or acceptance of this AWC by the Exchange Review Council.

II.

WAIVER OF PROCEDURAL RIGHTS

TMBR specifically and voluntarily waives the following rights granted under the Rules of the Exchange and the Exchange Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm in writing;
- 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 Exchange Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, TMBR specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer, the Exchange Review Council, or any member of the Exchange 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.

TMBR 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

TMBR 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 Market Regulation and the Exchange Review Council, the Review Subcommittee, or the

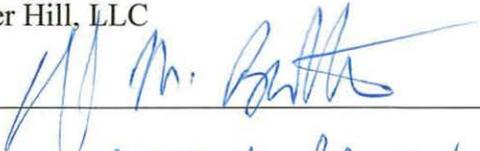
Office of Disciplinary Affairs (“ODA”), pursuant to Exchange Rule 9216;

- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against TMBR; and
- C. If accepted:
 - 1. This AWC will become part of TMBR’s permanent disciplinary record and may be considered in any future actions brought by the Exchange 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 TMBR’s disciplinary record;
 - 3. The Exchange may make a public announcement concerning this agreement and the subject matter thereof in accordance with BX Rule 8310 and IM-8310-3; and
 - 4. TMBR 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 the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects TMBR’s right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.
- D. TMBR may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. TMBR 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 the Exchange, nor does it reflect the views of the Exchange or its staff.

The undersigned, on behalf of TMBR, 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 TMBR to submit it.

11-4-13
Date

Respondent
Timber Hill, LLC

By: 

Name: DAVID M. BATTAW

Title: E.O.V.-P. + General Counsel

Reviewed by: 
Counsel for Timber Hill, LLC

Firm Name: Timber Hill LLC

Address: _____

Telephone No.: _____

Accepted by Nasdaq OMX BX, Inc.:

12/2/2013
Date



Eric Brown
Chief Counsel
Department of Market Regulation
Signed on behalf of Nasdaq OMX BX, Inc.,
by delegated authority from the Director of
ODA

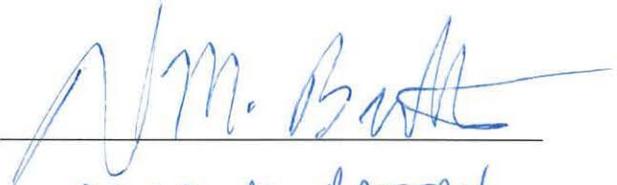
ELECTION OF PAYMENT FORM

TMBR intends to pay the fine proposed in the attached AWC by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.¹
 - Monthly
 - Quarterly

Respectfully submitted,
Timber Hill, LLC

11-4-13
Date

By: 
Name: DAVID M. BATTAL
Title: E.V.P. + General Counsel

¹ The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.