



THE CHICAGO STOCK EXCHANGE, INCORPORATED

In the Matter of Arbitration:)
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)
 SMC Option Management, LLC)
 (Robert Byman, Jenner & Block LLP))
)
 v.) CHX-A-04-05
)
 TK Securities, LLC)
 (Mark Duffy, Mark Duffy & Associates);)
 Fiserv Securities, Inc.; and)
 National Financial Services, LLC)
 (Stephen Younger and Mark Young,)
 Patterson Belknap Webb & Tyler LLP))
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DECISION

The Chicago Stock Exchange, Incorporated (“Exchange”), pursuant to Article 14, Rule 2, Section 28 of the Rules of the Exchange, herein sets forth the Decision of the Arbitration Panel in the above-captioned matter.

I.

Background

On June 1, 2005, an arbitration claim was filed with the Exchange by SMC Option Management, LLC (“SMC”), a Participant Firm of the Exchange, against Exchange Participant Firms, TK Securities, LLC (“TK”); Fiserv Securities, Inc. (“Fiserv”); and National Financial Services, LLC (“NFS”).

On August 24, 2005 an arbitration cross-claim was filed by Fiserv/NFS against TK.

On June 30, 2006 an arbitration counter-claim and a cross-claim were filed by TK against Fiserv/NFS.

In accordance with Exchange Article 14, Rule 1(a) an Arbitration Panel was constituted from the Exchange's Committee on Exchange Procedure. The Arbitrators selected to serve on the Panel were: Scott Freyn, Kenneth Lyall and Russell Saletta.

A hearing was conducted in accordance with Exchange Article 14, Rule 2. Four hearing sessions were conducted: March 12, 2006 at the offices of the Exchange located at 440 South LaSalle Street, Room 810A, Chicago, Illinois 60605; March 13 and 15, 2006 at the offices of the Chicago Board Options Exchange located at 400 South LaSalle Street, Room 4A, Chicago, Illinois 60605; and March 16, 2006 at the offices of the Exchange.

All parties received a full and fair opportunity to be heard.

The record of the proceedings was closed on April 4, 2007.

II. Claims

SMC Option Management, LLC

The claim filed with the Exchange by SMC against Fiserv/NFS involved the purchase by SMC and the sale by certain correspondent clearing customers ("Sellers") of Fiserv/NFS of 90,500 shares of stock in Sears, Roebuck & Company ("Sears") on March 24, 2005. The Sellers did not acknowledge the trades, resulting in damages to SMC from the unwinding of its hedge position and lost profits from its purchase of Sears stock. SMC did not know the identity of the Sellers and filed its claim against the Sellers' clearing firms, Fiserv/NFS, the parties it did know.

The claim filed with the Exchange by SMC against TK involved the failure of TK, as a floor broker, to properly execute the above-referenced trades in Sears stock on March 24, 2005.

SMC requested the entry of an award against TK or Fiserv/NFS in an amount, to be determined by the Arbitrators, ranging from \$980,000 to \$1,400,000, and reimbursement for the cost of the proceeding, including attorney fees and any other just relief.

Fiserv Securities, Inc. and National Financial Services, Inc.

The cross-claim filed with the Exchange by Fiserv/NFS against TK claimed that TK erroneously submitted tickets for trades pursuant to which the Sellers sold and SMC purchased 75,000

shares of Sears stock on March 24, 2005, and that such trades effected by TK were not agreed to by the Sellers.

Fiserv/NFS requested compensation from TK for time, resources and attorney fees incurred in their defense against the claim filed by SMC.

TK Securities, LLC.

The counter-claim and cross-claim filed with the Exchange by TK against Fiserv/NFS claimed that TK properly fulfilled its responsibilities as a broker, and that all losses suffered by SMC were the result of the Sellers' failure to honor the trades in Sears stock entered into on March 24, 2005, and the failure of the Sellers' clearing firms', Fiserv/NFS, to clear such trades.

TK requested reimbursement from Fiserv/NFS for its losses related to the above-referenced trades, brokerage fees and costs for the proceeding, including attorney fees and any other just relief.

III.

Decision

Claim of SMC Option Management, LLC

On April 4, 2006 the Arbitrators unanimously reached a decision and determined the full and final resolution to the claim filed by SMC. The Arbitrators determined to issue no award to SMC and SMC will bear the cost of its own legal fees and costs for the proceeding.

Cross-Claim of Fiserv Securities, Inc. and National Financial Services, Inc.

On April 4, 2006 the Arbitrators unanimously reached a decision and determined the full and final resolution to the cross-claim filed by Fiserv/NFS. The Arbitrators determined to issue no award to Fiserv/NFS and Fiserv/NFS will bear the cost of its own legal fees and costs for the proceeding.

Counter-Claim and Cross-Claim of TK Securities, LLC

On April 4, 2006 the Arbitrators unanimously reached a decision and determined the full and final resolution to the counter-claim and cross-claim filed by TK. The Arbitrators determined to issue no award to TK and TK will bear the cost of its own legal fees and costs for the proceeding.

This Decision is final and not subject to appeal to the Exchange.

By: Scott Freyn
Scott Freyn, Chairperson

Date: 4/18/07

By: Kenneth Lyall
Kenneth Lyall

Date: 4/18/2007

By: Russell J. Saletta
Russell J. Saletta

Date: 4/18/07

This instrument was acknowledged before me on 4/18/07 (Date)

By: Eileen Daut (Name of Notary Public)

Eileen Daut (Signature of Notary Public)

State of Illinois, County of Cook.

