

**NYSE ARCA, INC.**  
**LETTER OF ACCEPTANCE, WAIVER, AND CONSENT**  
**NO. 2018-02-00048**

TO: NYSE Arca, Inc.

RE: BTIG, LLC, Respondent  
CRD No. 122225

**During the period between November 2016 and January 2019 (the “Relevant Period”), BTIG, LLC violated: (i) Section 17(a) under the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 17a-3(a)(6)(i) thereunder (“Rule 17a-3”) and NYSE Arca Rules 2.28 (Books and Records), 6.68-O (Record of Orders), and 11.16 (Books and Records) by failing to create, maintain, and preserve accurate records of executions, nullifications, price adjustments, and order instructions pertaining to customer orders manually routed to the Exchange for execution; and (ii) NYSE Arca Options Rule 11.18 (Supervision) by failing to establish and maintain supervisory systems concerning manually routed orders that were reasonably designed to ensure compliance with Exchange Act and Exchange books and records rules. Consent to a censure and a \$40,000 fine.**

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Pursuant to Rule 10.9216 of the NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) Code of Procedure, BTIG, LLC (“BTIG” 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, NYSE Arca will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

**I. ACCEPTANCE AND CONSENT**

- A. BTIG 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 NYSE Arca, or to which NYSE Arca 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 NYSE Arca:

**BACKGROUND AND JURISDICTION**

1. BTIG is registered as an Options Trading Permit (“OTP”) holder with NYSE Arca. The Firm provides investment banking and brokerage services. It is headquartered in San Francisco, CA.

## **PROCEDURAL HISTORY**

2. This matter arose as a result of an NYSE Regulation investigation into certain customer options orders BTIG manually transmitted to the Exchange for execution.

## **VIOLATIONS**

### **The Firm Violated Rule 17a-3 and NYSE Arca Rules 2.28, 6.68-O, and 11.16 (Books and Records)**

3. Under NYSE Arca Rules 2.28, OTP Holders and OTP Firms must create and maintain all the books and records prescribed by the rules of the Exchange. RBO-13-08 and RBO 18-03<sup>1</sup> state that, accordingly, all OTP Holders must record and maintain an accurate account of all transactions subject to cancellation pursuant to Rule 6.77A-O, and all OTP Holders who fail to record and maintain an accurate record of all trade nullifications are in violation of Arca Options books and records rules.
4. Under NYSE Arca Rule 6.68-O, every OTP Holder must maintain and preserve for the period specified under SEC Rule 17a-4, a record of every order and of any other instruction given or received for the purchase or sale of option contracts. Such record must show the terms and conditions of the order or instruction and of any modification or cancellation thereof.
5. Under NYSE Arca Rule 11.16, OTP Holders and OTP Firms must keep current and preserve such books and records as the Exchange may prescribe and as may be prescribed by the Exchange Act and the rules and regulations thereunder (including any interpretation relating thereto) as though such OTP Holder or OTP Firm were a broker or dealer registered with the SEC pursuant to Section 15 of the Exchange Act.
6. Section 17 of the Exchange Act and Rule 17a-3(a)(6)(i) thereunder, requires broker dealers, to create, "A memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. The memorandum shall show the terms and conditions of the order or instructions and of any modification or cancellation thereof; the account for which entered; the time the order was received; the time of entry; the price at which executed."
7. During the Relevant Period, BTIG failed to create and maintain certain order records for at least 10 options orders manually routed to the Exchange for execution. Such records included: (i) accurate records of order executions; (ii) accurate records of order modifications and cancellations; and (iii) accurate records of order instructions

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<sup>1</sup> NYSE Arca RBO-13-08, Nullification of Trades Based on Mutual Agreement (December 13, 2013). NYSE Arca RBO 13-08, was replaced with NYSE Arca RBO 18-03, Trade Nullification and Price Adjustment Rules and Procedures (November 6, 2018).

by an initiating customer and solicited party.

8. Accordingly, the Firm violated Rule 17a-3 and NYSE Arca Rules 2.28, 6.68-O, and 11.16 during the Relevant Period.

**The Firm Violated NYSE Arca Rule 11.18 (Supervision)**

9. Under NYSE Arca Options Rule 11.18(b), firms must have supervisory systems in place that are “reasonably designed to ensure compliance with applicable federal securities laws and regulations and NYSE Arca rules.”
10. During the Relevant Period, the Firm failed to establish and maintain a supervisory system reasonably designed to ensure compliance with its books and records obligations.
11. Specifically, the Firm failed to maintain a reasonably designed supervisory system to ensure the creation and retention of accurate records for manually routed options orders, including: (i) accurate records of order executions; (ii) accurate records of order modifications and cancellations; and (iii) accurate records of order instructions by an initiating customer and solicited party
12. Accordingly, the Firm violated NYSE Arca Rule 11.18(b) during the Relevant Period.

**SANCTIONS**

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

1. **Censure and fine in the amount of \$40,000**

The Firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will 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. If the Firm fails to make any payments as required in connection with this AWC on a timely basis, the Firm agrees that any amounts owed to it by the Exchange or any of its registered U.S. Securities exchange affiliates may be used to satisfy any payments owed by the Firm pursuant to this AWC.

The Firm agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts. The Firm further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts.

The sanctions imposed herein shall be effective on a date set by NYSE Regulation staff.

## **II. WAIVER OF PROCEDURAL RIGHTS**

The Firm specifically and voluntarily waives the following rights granted under the NYSE Arca 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 Exchange's Board of Directors 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 Chief Regulatory Officer of NYSE Arca; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE Arca employee; or any Regulatory Staff as defined in Rule 10.9120 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 communication prohibitions of Rule 10.9143 or the separation of functions prohibitions of Rule 10.9144, 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 by NYSE Regulation, and accepted by the Chief Regulatory Officer of NYSE Arca pursuant to NYSE Arca Rule 10.9216;
- 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. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be

deemed final and shall constitute the complaint, answer, and decision in the matter, 25 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE Arca Rule 10.9310(a)(1)(B);

2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
  3. NYSE Arca shall publish a copy of the AWC on its website in accordance with NYSE Arca Rule 10.8313;
  4. NYSE Arca may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Arca Rule 10.8313; and
  5. 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 the Exchange, or to which the Exchange 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 the Exchange is not a party.
- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.
- E. 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. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

The Firm certifies that, in connection with each of the Exchange's requests for information in connection with this matter, the Firm made a diligent inquiry of all persons and systems that reasonably had possession of responsive documents and that all responsive documents have been produced. In agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of the document productions.




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.

6/25/20  
Date

BTIG, LLC,  
Respondent

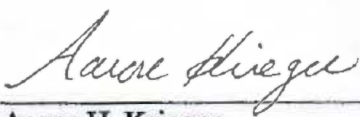
By:   
Austin Hamilton  
Chief Compliance Officer

Reviewed by:

  
Benjamin A. Naftalis, Esq.  
Latham & Watkins LLP  
885 Third Avenue  
New York, NY 10022  
212.906.1713  
Counsel for Respondent

Accepted by NYSE Regulation

June 26, 2020  
Date

  
Aaron H. Krieger  
Senior Enforcement Counsel  
NYSE Regulation

Signed on behalf of NYSE Arca, Inc., by  
delegated authority from its Chief  
Regulatory Officer