

BrokerCheck Report

CITADEL SECURITIES LLC

CRD# 116797

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Please contact FINRA with any concerns.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

What is included in a BrokerCheck report?

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

• Where did this information come from?

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

How current is this information?

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.
- What if I want to check the background of an investment adviser firm or investment adviser representative?
- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at https://www.adviserinfo.sec.gov. In the alternative, you may search the IAPD website directly or contact your state securities regulator at http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414.
- Are there other resources I can use to check the background of investment professionals?
- FINRA recommends that you learn as much as possible about an investment professional before
 deciding to work with them. Your state securities regulator can help you research brokers and investment adviser
 representatives doing business in your state.

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For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.

www.finra.org/brokercheck
User Guidance

CITADEL SECURITIES LLC

CRD# 116797

SEC# 8-53574

Main Office Location

830 BRICKELL PLAZA MIAMI, FL 33131 Regulated by FINRA Florida Office

Mailing Address

830 BRICKELL PLAZA MIAMI, FL 33131

Business Telephone Number

305-929-6851

Report Summary for this Firm



This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a limited liability company. This firm was formed in Delaware on 07/30/2001. Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This firm is registered with:

- the SEC
- 26 Self-Regulatory Organizations
- 15 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 10 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm does not have referral or financial arrangements with other brokers or dealers.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm?

Yes

The following types of disclosures have been reported:

Туре	Count	
Regulatory Event	75	
Arbitration	1	

The number of disclosures from non-registered control affiliates is 1

This firm is classified as a limited liability company.

This firm was formed in Delaware on 07/30/2001.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

CITADEL SECURITIES LLC
Doing business as CITADEL SECURITIES LLC

CRD# 116797 **SEC#** 8-53574

Main Office Location

830 BRICKELL PLAZA MIAMI, FL 33131

Regulated by FINRA Florida Office

Mailing Address

830 BRICKELL PLAZA MIAMI, FL 33131

Business Telephone Number

305-929-6851



This section provides information relating to all direct owners and executive officers of the brokerage firm.



Direct Owners and Executive Officers

Legal Name & CRD# (if any): **CSHC US LLC**

Is this a domestic or foreign entity or an individual?

Domestic Entity

Position OWNER

Position Start Date 01/2016

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting

company?

No

Legal Name & CRD# (if any): ZHAO, PENG

4978269

Is this a domestic or foreign entity or an individual?

Individual

Position CHIEF EXECUTIVE OFFICER

Position Start Date 03/2017

5% but less than 10% **Percentage of Ownership**

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting

company?

No

CITADEL SECURITIES GROUP LP (FKA CALC IV LP) Legal Name & CRD# (if any):

Is this a domestic or foreign entity or an individual?

Domestic Entity

Position MANAGING MEMBER

Position Start Date 07/2019

Percentage of Ownership Less than 5%

Direct Owners and Executive Officers (continued)

FINCA

User Guidance

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting company?

No

Legal Name & CRD# (if any):

HAROLD, MARC RYAN

3200916

Is this a domestic or foreign entity or an individual?

Individual

Position

CHIEF COMPLIANCE OFFICER

Position Start Date

04/2024

Percentage of Ownership

Less than 5%

Does this owner direct the management or policies of

No

the firm?

Is this a public reporting

company?

No

Legal Name & CRD# (if any):

HENRY, STEVEN MICHAEL

5587809

Is this a domestic or foreign entity or an individual?

Individual

Position

CHIEF ACCOUNTING OFFICER

Position Start Date

03/2020

Percentage of Ownership

Less than 5%

Does this owner direct the management or policies of

No

the firm?

Is this a public reporting

company?

No

This section provides information relating to any indirect owners of the brokerage firm.



Indirect Owners

Legal Name & CRD# (if any): CITADEL SECURITIES GLOBAL HOLDINGS LLC

Is this a domestic or foreign entity or an individual?

Domestic Entity

Company through which indirect ownership is established

CSHC US LLC

Relationship to Direct Owner
Relationship Established

OWNER 08/2018

Percentage of Ownership

75% or more

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting company?

No

Legal Name & CRD# (if any):

CITADEL SECURITIES HOLDINGS LP

Is this a domestic or foreign entity or an individual?

Domestic Entity

Company through which indirect ownership is established

CSIPTRS LP

Relationship to Direct Owner

OWNER

Relationship Established

01/2022

Percentage of Ownership

75% or more

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting company?

No

Legal Name & CRD# (if any):

CSIPTRS LP

Is this a domestic or foreign entity or an individual?

Domestic Entity

User Guidance



Indirect Owners (continued)

Company through which indirect ownership is established

CITADEL SECURITIES GLOBAL HOLDINGS LLC

Relationship to Direct Owner

OWNER

Relationship Established

01/2022

Percentage of Ownership

75% or more

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting

No

company?

Legal Name & CRD# (if any):

GRIFFIN, KENNETH CORDELE

1985894

Is this a domestic or foreign entity or an individual?

Individual

Company through which indirect ownership is established

GFH CSEVA LLC (FKA GFH LLC)

Relationship to Direct Owner

SOLE MEMBER

Relationship Established

08/2012

Percentage of Ownership

75% or more

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting company?

No

Legal Name & CRD# (if any): GRIFFIN, KENNETH CORDELE

1985894

Is this a domestic or foreign entity or an individual?

Individual

Company through which indirect ownership is established

CITADEL SECURITIES GP LLC

User Guidance

Firm Profile

Indirect Owners (continued)

Relationship to Direct Owner SOLE MEMBER

Relationship Established 03/2017

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting

company?

No

Legal Name & CRD# (if any): GFH CSEVA LLC (FKA GFH LLC)

Is this a domestic or foreign entity or an individual?

Domestic Entity

Company through which indirect ownership is established

CITADEL SECURITIES HOLDINGS LP

Relationship to Direct Owner

OWNER

Relationship Established

07/2019

Percentage of Ownership

50% but less than 75%

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting

company?

No

Legal Name & CRD# (if any):

CITADEL SECURITIES GP LLC

Is this a domestic or foreign entity or an individual?

Domestic Entity

Company through which indirect ownership is established

CITADEL SECURITIES HOLDINGS LP

Relationship to Direct Owner

GENERAL PARTNER

Relationship Established

03/2017

Percentage of Ownership

Other General Partners

Does this owner direct the management or policies of

Yes





User Guidance

Indirect Owners (continued)

the firm?

Is this a public reporting company?

No

Legal Name & CRD# (if any):

CITADEL SECURITIES GP LLC

Is this a domestic or foreign entity or an individual?

Domestic Entity

Company through which indirect ownership is established

CITADEL SECURITIES GROUP LP

Relationship to Direct Owner

GENERAL PARTNER

Relationship Established

07/2007

Percentage of Ownership

Other General Partners

Does this owner direct the management or policies of

Yes

the firm?

Is this a public reporting

company?

No

Legal Name & CRD# (if any):

CITADEL SECURITIES GP LLC

Is this a domestic or foreign entity or an individual?

Domestic Entity

Company through which indirect ownership is established

CSIPTRS LP

Relationship to Direct Owner

GENERAL PARTNER

Relationship Established

11/2021

Percentage of Ownership

Other General Partners

Does this owner direct the management or policies of the firm?

Yes

Is this a public reporting

No

company?

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

FINCA

No information reported.





This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is currently registered with the SEC, 26 SROs and 15 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	04/17/2002

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

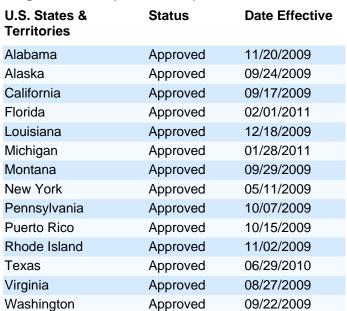
This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	02/25/2005
BOX Exchange LLC	Approved	05/07/2012
Cboe BYX Exchange, Inc.	Approved	10/01/2010
Cboe BZX Exchange, Inc.	Approved	10/23/2008
Cboe C2 Exchange, Inc.	Approved	10/07/2010
Cboe EDGA Exchange, Inc.	Approved	05/14/2010
Cboe EDGX Exchange, Inc.	Approved	05/14/2010
Cboe Exchange, Inc.	Approved	04/17/2002
Investors' Exchange LLC	Approved	08/04/2016
Long-Term Stock Exchange, Inc.	Approved	05/05/2020
MEMX LLC	Approved	06/18/2020
MIAX Emerald, LLC	Approved	03/01/2019
MIAX PEARL, LLC	Approved	02/06/2017
MIAX Sapphire	Approved	08/12/2024
Miami International Securities Exchange, LLC	Approved	12/07/2012

NYSE American LLC	Approved	03/12/2004
NYSE Arca, Inc.	Approved	03/23/2004
NYSE National, Inc.	Approved	05/18/2018
NYSE Texas, Inc.	Approved	01/26/2007
Nasdaq BX, Inc.	Approved	01/14/2004
Nasdaq GEMX, LLC	Approved	07/29/2013
Nasdaq ISE, LLC	Approved	05/03/2002
Nasdaq MRX, LLC	Approved	02/10/2016
Nasdaq PHLX LLC	Approved	12/23/2003
Nasdaq Stock Market	Approved	07/12/2006
New York Stock Exchange	Approved	12/01/2008

Wyoming

Registrations (continued)



Approved

10/08/2009



Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 10 types of businesses.

Types of Business

Exchange member engaged in exchange commission business other than floor activities

Exchange member engaged in floor activities

Broker or dealer making inter-dealer markets in corporation securities over-the-counter

Broker or dealer retailing corporate equity securities over-the-counter

Broker or dealer selling corporate debt securities

U S. government securities dealer

U S. government securities broker

Put and call broker or dealer or option writer

Trading securities for own account

Other - REGISTRANT TRADES AND PROVIDES ORDER EXECUTION AND ROUTING SERVICES TO OTHER BROKER DEALERS IN STOCKS, CONVERTIBLES, CORP. BONDS, LISTED OPTIONS, GOVERNMENT AND FOREIGN SECURITIES, AND OTC DERIVATIVES. REGISTRANT TRADES SECURITIES FOR ITS OWN ACCOUNT, SELF-CLEARS PROPRIETARY TRADES, AND ENGAGES IN SECURITIES BORROWING AND LENDING ARRANGEMENTS AND REPURCHASE AGREEMENTS.

Other Types of Business

This firm does effect transactions in commodities, commodity futures, or commodity options.

This firm does engage in other non-securities business.

Non-Securities Business Description: REGISTRANT TRADES FOREIGN CURRENCY INSTRUMENTS,

INCLUDING SPOT, FUTURE, OPTIONS, AND FORWARD TRANSACTIONS.





Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does not refer or introduce customers to other brokers and dealers.

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: GOOGLE LLC

Business Address: 1600 AMPHITHEATRE PARKWAY

MOUNTAIN VIEW, CA 94043

Effective Date: 11/08/2024

Description:BOOKS AND RECORDS RETENTION FOR CERTAIN RECORDS USING

GOOGLE CLOUD SERVICES.

Name: IVALUA, INC.

Business Address: 805 VETERANS BOULEVARD STE 203

REDWOOD CITY, CA 94063

Effective Date: 01/01/2024

Description:BOOKS AND RECORDS RETENTION FOR CERTAIN RECORDS, SUCH AS

BILLS.

Name: MICROSOFT CORPORATION

Business Address: ONE MICROSOFT WAY

REDMOND, WA 95052-6399

Effective Date: 06/01/2025

Description:BOOKS AND RECORDS RETENTION FOR CERTAIN RECORDS USING

MICROSOFT 365.

Name: CORLYTICS LIMITED

Business Address: FLOOR 3, BLOCK 3, MIESIAN PLAZA, BAGGOT STREET

DUBLIN, IRELAND D02 Y754

Effective Date: 10/01/2024

Description:BOOKS AND RECORDS RETENTION FOR POLICIES AND PROCEDURES.

Name: STARCOMPLIANCE

Business Address: 9200 CORPORATE BLVD

SUITE 440

ROCKVILLE, MD 20850

Effective Date: 03/01/2021

Description:BOOKS AND RECORDS RETENTION FOR COMPLIANCE RECORDS.

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Firm Operations

Industry Arrangements (continued)

Name: GLOBAL RELAY COMMUNICATIONS INC.

Business Address: 220 CAMBIE STREET, 2ND FLOOR

VANCOUVER, CANADA V6B 2M9

Effective Date: 12/19/2008

Description:BOOKS AND RECORDS RETENTION FOR ELECTRONIC

COMMUNICATIONS.

Name: ARTERIA AI INC.

Business Address: 152 KING STREET EAST

TORONTO, CANADA M5A 1J3

Effective Date: 06/01/2025

Description:BOOKS AND RECORDS RETENTION FOR CERTAIN RECORDS, SUCH AS

LEGAL AGREEMENTS.

Name: CITADEL SECURITIES AMERICAS LLC

Business Address: 830 BRICKELL PLAZA

MIAMI, FL 33131

Effective Date: 01/01/2018

Description: CITADEL SECURITIES AMERICAS LLC PROVIDES OPERATIONAL AND

ADMINISTRATIVE SERVICES TO CITADEL SECURITIES LLC AND IN THAT

CAPACITY MAINTAINS PORTIONS OF CITADEL SECURITIES LLC'S

BOOKS AND RECORDS.

Name: CITADEL ENTERPRISE AMERICAS LLC

Business Address: 830 BRICKELL PLAZA

MIAMI, FL 33131

Effective Date: 07/31/2001

Description: CITADEL ENTERPRISE AMERICAS LLC (FKA CITADEL LLC) PROVIDES

OPERATIONAL AND ADMINISTRATIVE SERVICES TO CITADEL

SECURITIES LLC AND IN THAT CAPACITY MAINTAINS PORTIONS OF

CITADEL SECURITIES LLC'S BOOKS AND RECORDS.

This firm does have accounts, funds, or securities maintained by a third party.

Name: BARCLAYS CAPITAL INC.

CRD #: 19714

Business Address: 745 7TH AVENUE

NEW YORK, NY 10019

Industry Arrangements (continued)

Effective Date: 12/02/2020

Description: BARCLAYS CAPITAL INC ACTS AS A CLEARING BROKER FOR THE FIRM,

AND IN THAT CAPACITY MAY HAVE CUSTODY OF THE FIRM'S

SECURITIES OR FUNDS.

Name: ABN AMRO CLEARING USA LLC

CRD #: 14020

Business Address: 175 WEST JACKSON BLVD

SUITE 2050

CHICAGO, IL 60604

Effective Date: 05/29/2020

Description: ABN AMRO CLEARING USA LLC ACTS AS A CLEARING BROKER FOR

APPLICANT AND IN THAT CAPACITY MAY HAVE CUSTODY OF THE

APPLICANTS FUNDS OR SECURITIES.

Name: GOLDMAN SACHS & CO. LLC

CRD #: 361

Business Address: 200 WEST STREET

NEW YORK, NY 10282

Effective Date: 01/24/2020

Description: GOLDMAN SACHS AND CO LLC ACTS AS A CLEARING BROKER FOR

CITADEL SECURITIES LLC AND IN THAT CAPACITY MAY HAVE CUSTODY

OF FUNDS OR SECURITIES OF CITADEL SECURITIES LLC.

Name: J.P. MORGAN SECURITIES LLC

CRD #: 79

Business Address: 383 MADISON AVENUE

NEW YORK, NY 10179

Effective Date: 06/12/2019

Description: JP MORGAN SECURITIES LLC ACTS AS A CLEARING BROKER FOR

APPLICANT AND IN THAT CAPACITY MAY HAVE CUSTODY OF THE

APPLICANTS FUNDS OR SECURITIES.

Name: BOFA SECURITIES, INC.

CRD #: 283942

Business Address: ONE BRYANT PARK

NEW YORK, NY 10036

Effective Date: 07/17/2012

Industry Arrangements (continued)

FINCA

User Guidance

Description:BOFA SECURITIES INC. (FORMERLY MERRILL LYNCH, PIERCE, FENNER

& SMITH INCORPORATED AND MERRILL LYNCH PROFESSIONAL CLEARING CORP.) ACTS AS THE CLEARING BROKER FOR APPLICANT AND IN THAT CAPACITY MAY HAVE CUSTODY OF THE APPLICANT'S

FUNDS OR SECURITIES.

This firm does not have customer accounts, funds, or securities maintained by a third party.

Control Persons/Financing

This firm does have individuals who control its management or policies through agreement.

Name: CSUS (HONG KONG) LIMITED

Business Address: 16TH FLOOR, 2 INTERNATIONAL FINANCE CENTRE

8 FINANCE STREET

CENTRAL, HONG KONG NOT APP

Effective Date: 01/01/2019

Description: CSUC (HONG KONG) LTD SERVES AS A PORTFOLIO MANAGER FOR A

PORTION OF CITADEL SECURITIES LLC'S INVESTMENTS INSTRUMENTS

THAT WERE TRADED OR ARRANGED FROM HONG KONG OR ASIA.

This firm does not have individuals who wholly or partly finance the firm's business.

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.



This firm is, directly or indirectly:

- · in control of
- · controlled by
- · or under common control with

the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

CITADEL INSTITUTIONAL FINANCE COMPANY LTD is under common control with the firm.

Business Address: C/O MAPLES CORPORATE SERVICES LTD

PO BOX 309 UGLAND HOUSE

GRAND CAYMAN, CAYMAN ISLANDS

Effective Date: 03/31/2025

Foreign Entity: Yes

Country: CAYMAN ISLANDS

Securities Activities: Yes

Investment Advisory

Activities: Description:

CITADEL INSTITUTIONAL FINANCE COMPANY LTD. IS A CAYMAN

REGULATED SECURITIES ARRANGER INDIRECTLY CONTROLLED BY

KENNETH CORDELE GRIFFIN.

CITADEL FRANCE SAS is under common control with the firm.

No

CRD #: 313551

Business Address: 40-42 RUE LA BOETIE

PARIS, FRANCE 75008

Effective Date: 04/01/2021

Foreign Entity: No

Country: FRANCE

Securities Activities: No

Investment Advisory

Activities:

Yes

Description: CITADEL FRANCE SAS IS A RELYING ADVISER UNDER CITADEL ADVISORS

FINCA User Guidance

Organization Affiliates (continued)

LLC AND IS INDIRECTLY CONTROLLED BY KENNETH CORDELE GRIFFIN.

CITADEL ADVISORS SINGAPORE PTE. LIMITED is under common control with the firm.

CRD #: 314103

Business Address: 12 MARINA VIEW

#22-01/02 ASIA SQUARE TOWER 2 SINGAPORE, SINGAPORE 018961

Effective Date: 08/01/2020

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: No

Investment Advisory

Activities:

Yes

Description: CITADEL ADVISORS SINGAPORE PTE. LIMTED IS A RELYING ADVISER

UNDER CITADEL ADVISORS LLC AND IS INDIRECTLY CONTROLLED BY

KENNETH CORDELE GRIFFIN.

CITADEL ADVISORS EUROPE LIMITED is under common control with the firm.

CRD #: 318548

Business Address: 120 WALL STREET

LONDON, UNITED KINGDOM EC2Y 5ET

Effective Date: 01/01/2022

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: No

Investment Advisory

Activities:

Yes

Description: CITADEL ADVISORS EUROPE LIMITED IS A RELYING ADVISER UNDER

CITADEL ADVISORS LLC AND IS INDIRECTLY CONTROLLED BY KENNETH

CORDELE GRIFFIN.

CITADEL SECURITIES SWAP DEALER is under common control with the firm.

CRD #: 323447

Business Address: 830 BRICKELL PLAZA

User Guidance

Organization Affiliates (continued)

MIAMI, FL 33131

Effective Date: 03/21/2014

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory

Activities:

No

Description: CITADEL SECURITIES SWAP DEALER LLC IS A REGISTERED OTC

DERIVIATIVES DEALER AND SWAP DEALER-AFFILIATE OF CITADEL SECURITIES LLC, AND INDIRECTLY CONTROLLED BY KENNETH GRIFFIN

CITADEL SECURITIES JAPAN CO., LTD. is under common control with the firm.

Business Address: 3-2-2 MARUNOUCHI

LEVEL 3, MARUNOUCHI BUILDING, CHIYODA-KU

TOKYO, JAPAN

Effective Date: 11/30/2021

Foreign Entity: Yes

Country: JAPAN

Securities Activities: Yes

Investment Advisory

Activities:

No

Description: CITADEL SECURITIES JAPAN CO., LTD. IS A REGISTERED AFFILIATE OF

CITADEL SECURITIES, AND INDIRECTLY CONTROLLED BY KENNETH

GRIFFIN.

CITADEL SECURITIES INDIA MARKETS PRIVATE LIMITED is under common control with the firm.

Business Address: GOLF COURSE ROAD, DLF PHASE 5, SECTOR 43

FLOOR 4, WEWORK, TWO HORIZON CENTRE

GURUGRAM, GURGAON, INDIA 122002

Effective Date: 06/08/2021

Foreign Entity: Yes

Country: INDIA

Securities Activities: Yes

Investment Advisory No

Organization Affiliates (continued)

User Guidance

Activities:

Description: CITADEL SECURITIES INDIA MARKETS PRIVATE LIMITED IS AN

UNREGISTERED AFFILIATE OF CITADEL SECURITIES, AND INDIRECTLY

CONTROLLED BY KENNETH GRIFFIN.

CITADEL SECURITIES AUSTRALIA TRADING PTY LIMITED is under common control with the firm.

Business Address: LEVEL 20, WESTPAC BUILDING

60 MARTIN PL

SYDNEY, AUSTRALIA NSW 2000

Effective Date: 09/25/2020

Foreign Entity: Yes

Country: AUSTRALIA

Securities Activities: Yes

Investment Advisory

Activities:

No

Description: CITADEL SECURITIES AUSTRALIA TRADING PTY LIMITED IS A FOREIGN

BROKER-DEALER INDIRECTLY CONTROLLED BY KENNETH CORDELE

GRIFFIN.

CITADEL SECURITIES (HONG KONG) LIMITED is under common control with the firm.

Business Address: 16TH FLOOR, 2 INTERNATIONAL FINANCE CENTRE

8 FINANCE STREET

CENTRAL, HONG KONG

Effective Date: 06/30/2019

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory

Activities:

No

Description: CITADEL SECURITIES (HONG KONG) LIMITED IS AN UNREGISTERED

AFFILIATE OF CITADEL SECURITIES, AND INDIRECTLY CONTROLLED BY

KENNETH GRIFFIN.

CITADEL SECURITIES GCS (IRELAND) LIMITED is under common control with the firm.

Business Address: ONE GRAND SQUARE

User Guidance

Organization Affiliates (continued)

5TH FLOOR, DUBLIN 2 DUBLIN, IRELAND

Effective Date: 07/04/2017

Foreign Entity: Yes

Country: IRELAND

Securities Activities: Yes

Investment Advisory

Activities:

No

Description: CITADEL SECURITIES GCS (IRELAND) LIMITED IS AN IRISH CENTRAL BANK

REGISTERED AFFILIATE OF CITADEL SECURITIES, AND INDIRECTLY

CONTROLLED BY KENNETH GRIFFIN.

CRBU HOLDINGS LLC is under common control with the firm.

Business Address: 830 BRICKELL PLAZA

MIAMI, FL 33131

Effective Date: 09/09/2017

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory

Activities:

No

Description: CRBU HOLDINGS IS AN UNREGISTERED AFFILIATE OF CITADEL

SECURITIES UNDER COMMON OWNERSHIP, AND INDIRECTLY

CONTROLLED BY KENNETH GRIFFIN.

CITADEL SECURITIES CANADA ULC is under common control with the firm.

Business Address: 100 KING STREET WEST

SUITE 4720, PO BOX 147

TORONTO, CANADA M5X 1C7

Effective Date: 05/20/2015

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory No

User Guidance

Organization Affiliates (continued)

Activities:

Description: CITADEL SECURITIES CANADA ULC IS A FOREIGN BROKER-DEALER

INDIRECTLY CONTROLLED BY KENNETH CORDELE GRIFFIN.

CITADEL SECURITIES INSTITUTIONAL LLC is under common control with the firm.

CRD #: 281102

Business Address: 830 BRICKELL PLAZA

MIAMI, FL 33131

Effective Date: 07/27/2015

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory

Activities:

No

Description: CITADEL SECURITIES INSTITUTIONAL LLC IS A BROKER-DEALER UNDER

COMMON OWNERSHIP WITH CITADEL SECURITIES.

CITADEL CLEARING LLC is under common control with the firm.

CRD #: 172693

Business Address: 830 BRICKELL PLAZA

MIAMI, FL 33131

Effective Date: 08/27/2014

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory No

Activities:

Description: CITADEL CLEARING LLC IS A BROKER-DEALER AFFILIATE OF CITADEL

SECURITIES, AND INDIRECTLY CONTROLLED BY KENNETH GRIFFIN.

CITADEL ADVISORS LLC is under common control with the firm.

CRD #: 148826

Business Address: 830 BRICKELL PLAZA

User Guidance

Organization Affiliates (continued)

MIAMI, FL 33131

Effective Date: 05/01/2013

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory

Activities:

Yes

Description: CITADEL ADVISORS LLC IS A REGISTERED INVESTMENT ADVISOR AND IS

INDIRECTLY CONTROLLED BY KENNETH CORDELE GRIFFIN.

CITADEL SECURITIES (EUROPE) LIMITED is under common control with the firm.

Business Address: 120 LONDON WALL

LONDON, UNITED KINGDOM EC2Y 5ET

Effective Date: 11/17/2005

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: Yes

Investment Advisory

Activities:

No

Description: CITADEL SECURITIES (EUROPE) LIMITED IS A FOREIGN BROKER-DEALER

INDIRECTLY CONTROLLED BY KENNETH CORDELE GRIFFIN.

CITADEL ASIA LIMITED is under common control with the firm.

CRD #: 292034

Business Address: 2 INTERNATIONAL FINANCE CENTRE

8 FINANCE STREET, 59TH FLOOR

HONG KONG, CHINA

Effective Date: 11/17/2005

Foreign Entity: Yes

Country: HONG KONG, SAR OF PRC

Securities Activities: No

Investment Advisory

Yes

Activities:

User Guidance

Organization Affiliates (continued)

Description: CITADEL ASIA LIMITED IS A RELYING ADVISER UNDER CITADEL ADVISORS

LLC AND IS INDIRECTLY CONTROLLED BY KENNETH CORDELE GRIFFIN.

PALAFOX TRADING LLC is under common control with the firm.

CRD #: 131114

Business Address: 830 BRICKELL PLAZA

MIAMI, FL 33131

Effective Date: 01/16/2004

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities:

No

Description: PALAFOX TRADING LLC IS A BROKER-DEALER AFFILIATE OF CITADEL

SECURITIES, AND INDIRECTLY CONTROLLED BY KENNETH GRIFFIN.

This firm is not directly or indirectly, controlled by the following:

- · bank holding company
- national bank
- · state member bank of the Federal Reserve System
- state non-member bank
- · savings bank or association
- · credit union
- · or foreign bank

Disclosure Events



All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	75	0
Arbitration	N/A	1	N/A



Disclosure Event Details

What you should know about reported disclosure events:

- 1. BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.
- 2. Certain thresholds must be met before an event is reported to CRD, for example:
 - A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
- 3. Disclosure events in BrokerCheck reports come from different sources:
 - Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
- 4. There are different statuses and dispositions for disclosure events:
 - o A disclosure event may have a status of pending, on appeal, or final.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of adjudicated, settled or otherwise resolved.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter.
 Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
- 5. You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 75

Reporting Source: Regulator

Current Status: Final



Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TIMELY AND/OR ACCURATELY REPORT DATA FOR TENS OF BILLIONS OF EQUITY AND OPTION ORDER EVENTS TO THE CONSOLIDATED AUDIT TRAIL (CAT) CENTRAL REPOSITORY. THE FINDINGS STATED THAT TO PREPARE TO REPORT TO CAT THE FIRM DEVELOPED A PROPRIETARY ORDER AND TRADE REPORTING SYSTEM. A TESTING PROCESS. AND RELATED SUPERVISORY PROCEDURES DESIGNED TO COMPLY WITH THE FIRM'S CAT REPORTING OBLIGATIONS. FOR OVER TWO YEARS FROM THE START OF ITS CAT REPORTING OBLIGATION, THE FIRM INACCURATELY REPORTED CERTAIN DATA FIELDS FOR EQUITY AND OPTION ORDER EVENTS TO CAT, SPANNING 33 UNIQUE CAT REPORTING ERROR TYPES. SUBSEQUENTLY. THE FIRM REMEDIATED THESE ERROR TYPES IT EXPERIENCED, SOME OF WHICH HAD PERSISTED FROM A FEW WEEKS TO NEARLY TWO YEARS. AFTER REMEDIATING THE 33 ERROR TYPES, THE FIRM IDENTIFIED FOUR ADDITIONAL ISSUES THAT CAUSED IT TO FAIL TO TIMELY AND/OR ACCURATELY REPORT CERTAIN DATA FIELDS TO CAT FOR MORE THAN TWO AND A HALF ADDITIONAL YEARS. ULTIMATELY, THE FIRM REMEDIATED THESE ISSUES, AND SUBMITTED CORRECTIONS FOR THE EVENTS A FEW MONTHS LATER. THE FIRM'S REPORTING VIOLATIONS WERE CAUSED BY VARIOUS CODING AND SYSTEM ISSUES, ISSUES WITH DATA RECEIVED FROM THIRD PARTIES. AND THE FIRM'S INTERPRETATION OF CERTAIN REPORTING SCENARIOS. THE FIRM IDENTIFIED MANY OF THE REPORTING ERRORS THROUGH ITS SUPERVISORY REVIEWS.

Initiated By: FINRA

Date Initiated: 10/09/2024

Docket/Case Number: 2020068778601

Principal Product Type: Other

Other Product Type(s): EQUITIES AND OPTIONS

Principal Sanction(s)/Relief

Sought:

Other

Other Sanction(s)/Relief

Sought:

N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/09/2024



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$1,000,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$1,000,000. FINE PAID IN FULL ON

OCTOBER 25, 2024.

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Reporting Source: Firm

Current Status: Final

Allegations: ON OCTOBER 9, 2024, FINRA ENTERED A SETTLED ACCEPTANCE, WAIVER,

AND CONSENT ("AWC") AGAINST CITADEL SECURITIES LLC ("CITADEL SECURITIES") THAT FOUND THAT CITADEL SECURITIES FAILED TO TIMELY AND/OR ACCURATELY REPORT DATA TO THE CONSOLIDATED AUDIT TRAIL ("CAT") CENTRAL REPOSITORY IN VIOLATION OF FINRA RULES 6830, 6893, AND 2010 FOR THE PERIOD BETWEEN JUNE 22, 2020 AND AUGUST 28.

2024.

Initiated By: FINRA

Date Initiated: 10/09/2024

Docket/Case Number: FINRA AWC NO. 2020068778601

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Censure

Sought:

MONETARY FINE

Other Sanction(s)/Relief

Sought:

Resolution:

Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/09/2024

Sanctions Ordered: Censure

Monetary/Fine \$1,000,000.00

Other Sanctions Ordered:



Sanction Details: CITADEL SECURITIES WAS (I) CENSURED AND (II) ORDERED TO PAY A \$1

MILLION PENALTY.

Firm Statement CITADEL SECURITIES CONSENTED TO ENTRY OF THE AWC WITHOUT

ADMITTING OR DENYING THE FINDINGS THEREIN. THE ALLEGATIONS, DISPOSITION, FINDINGS, AND SANCTIONS OF THE AWC ARE DESCRIBED IN

ITEMS 7 AND 12.

Disclosure 2 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT

APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC

ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE

SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST CITADEL SECURITIES, LLC ("RESPONDENT" OR "CITADEL SECURITIES").

THE COMMISSION FINDS THAT THIS MATTER INVOLVES VIOLATIONS OF THE ORDER-MARKING REQUIREMENTS OF REGULATION SHO, WHICH REQUIRES BROKER-DEALERS TO ACCURATELY MARK ALL SELL ORDERS

OF EQUITY SECURITIES AS LONG, SHORT, OR SHORT EXEMPT. UNDER REGULATION SHO, SELL ORDERS MAY ONLY BE MARKED AS LONG WHEN THE SELLER HAS A NET LONG POSITION IN THE PARTICULAR SECURITY.

DURING A FIVE-YEAR PERIOD FROM SEPTEMBER 2015 THROUGH SEPTEMBER 2020 (THE "RELEVANT PERIOD"), CITADEL SECURITIES INADVERTENTLY MARKED CERTAIN SHORT SALE ORDERS AS LONG

SALES, AND LONG SALES AS SHORT SALES, WHILE HANDLING ORDERS ON BEHALF OF ITS BROKER-DEALER CLIENTS. AS A RESULT, AN

ESTIMATED MILLIONS OF SELL ORDERS WERE MISMARKED. THE MISMARKING VIOLATIONS OCCURRED AS A RESULT OF A CODING ERROR

IN THE LOGIC USED TO COMPUTE CITADEL SECURITIES' POSITION CALCULATED FOR REGULATION SHO PURPOSES WHEN HANDLING CERTAIN SCHEDULE-BASED NOT-HELD CLIENT ORDERS FILLED ON A RISKLESS PRINCIPAL BASIS. TO FILL CLIENT ORDERS ON A RISKLESS PRINCIPAL BASIS, CITADEL SECURITIES ENTERED INTO TWO BACK-TO-

BACK TRADES-ROUTING A PRINCIPAL ORDER TO THE MARKET (THE "STREET-SIDE LEG") AND ENTERING INTO A CONTEMPORANEOUS

OFFSETTING TRADE WITH THE CLIENT AT THE SAME PRICE AND SIZE (THE "CLIENT-SIDE LEG"). CITADEL SECURITIES FILLED CERTAIN NOT-HELD CLIENT ORDERS ON A RISKLESS PRINCIPAL BASIS BY PLACING MULTIPLE SMALLER ORDERS ("CHILD ORDERS"). AS EACH STREET-SIDE LEG OF A CHILD ORDER WAS EXECUTED ON THE MARKET, THE FIRM EXECUTED WITH THE CLIENT A CORRESPONDING AND OFFSETTING CLIENT-SIDE LEG.



A LIMITED SET OF CLIENTS REQUESTED THAT THE FIRM DEFER TRANSMITTING EXECUTION REPORTS TO THE CLIENT UNTIL. FOR INSTANCE, COMPLETION OF THE ENTIRE ORDER HAD OCCURRED, RATHER THAN REPORT TO THE CLIENT EACH CLIENT-SIDE LEG IN REAL TIME. WITH RESPECT TO THIS SET OF ORDERS, CITADEL SECURITIES UPDATED ITS INTERNAL POSITION FOR THE STREET-SIDE LEG AND REPORTED THE EXECUTIONS OF THIS LEG TO FINRA IMMEDIATELY. HOWEVER, AS A RESULT OF A CODING ERROR IN THE SYSTEM USED FOR ORDER MARKING, CITADEL SECURITIES DELAYED UPDATING ITS POSITION TO ACCOUNT FOR THE OFFSETTING CLIENT-SIDE LEG EXECUTIONS UNTIL THE EXECUTION REPORT WAS SENT TO THE CLIENT. THIS DELAY IN UPDATING THE FIRM'S POSITION CREATED TEMPORARY INACCURACIES IN THE FIRM'S CALCULATION OF ITS NET POSITION IN AFFECTED SECURITIES FOR PURPOSES OF ORDER MARKING. THIS IN TURN RESULTED IN INACCURACY IN THE MARKING OF CERTAIN ORDERS FOR THE SALE OF SECURITIES IN THE SAME SYMBOL AS THE AFFECTED SECURITY THAT THE FIRM PLACED IN THE MARKET DURING THE PERIOD BEFORE THE FIRM'S POSITION WAS PROPERLY UPDATED. DURING THE RELEVANT PERIOD, THE DELAY IN UPDATING THE FIRM'S POSITION IN CERTAIN SYMBOLS LASTED FOR MINUTES. AND IN SOME CASES. UP TO SEVERAL HOURS. ALTHOUGH THE CODING ERROR DID NOT IMPACT CITADEL SECURITIES' HANDLING OF CLIENT ORDERS, IT RESULTED IN AN INTRA-DAY INACCURACY IN THE FIRM'S PROPRIETARY POSITION IN THE AFFECTED SYMBOLS THAT AFFECTED THE MARKING OF CERTAIN ORDERS. THE CODING ERROR WENT UNDETECTED FOR AT LEAST FIVE YEARS UNTIL SEPTEMBER 2020, WHEN CITADEL SECURITIES DISCOVERED THE ERROR IN CONNECTION WITH AN INTERNAL COMPLIANCE REVIEW AND PROMPTLY CORRECTED THE RELEVANT CODING LOGIC. BECAUSE THE DELAY CAUSED BY THE CODING ERROR HAD THE ABILITY TO AFFECT THE MARKING OF ORDERS PLACED IN THE IMPACTED SYMBOL DURING THE TIME WINDOWS AT ISSUE, THE CODING ERROR RESULTED IN CITADEL SECURITIES MISMARKING NUMEROUS ORDERS. ALTHOUGH REPRESENTING ONLY A SMALL FRACTION OF THE PRINCIPAL ORDERS THE FIRM PLACED IN THE MARKET PRIOR TO CORRECTION OF THE CODING ERROR, THERE ARE ESTIMATED TO HAVE BEEN MILLIONS OF ERRONEOUSLY MARKED ORDERS.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 09/22/2023

Docket/Case Number: 3-21703

Principal Product Type: No Product

Other Product Type(s):



Principal Sanction(s)/Relief

Sought:

Cease and Desist

Other Sanction(s)/Relief

Sought:

Resolution: Order

Resolution Date: 09/22/2023

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure

Monetary/Fine \$7,000,000.00 Cease and Desist/Injunction

Other Sanctions Ordered:

UNDERTAKINGS

Sanction Details:

THE FIRM WAS CENSURED, SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF RULE 200(G) OF REGULATION SHO, SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$7 MILLION, AND SHALL COMPLY WITH UNDERTAKINGS.

Regulator Statement

THE FIRM HAS SUBMITTED AN OFFER OF SETTLEMENT (THE OFFER) WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. AS A RESULT OF

ITS CONDUCT, THE FIRM WILLFULLY VIOLATED RULE 200(G) OF REGULATION SHO. ACCORDINGLY, THE FIRM WAS CENSURED, SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF RULE 200(G) OF REGULATION SHO, SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$7 MILLION. AND

SHALL COMPLY WITH UNDERTAKINGS.

Reporting Source: Firm
Current Status: Final

Allegations: ON SEPTEMBER 22, 2023, CITADEL SECURITIES LLC ("CITADEL

SECURITIES") VOLUNTARILY ENTERED INTO A SETTLEMENT WITH THE

SECURITIES AND EXCHANGE COMMISSION ("SEC") RELATED TO

VIOLATIONS OF THE ORDER MARKING REQUIREMENTS OF REGULATION SHO, BETWEEN SEPTEMBER 2015 THROUGH SEPTEMBER 2020, DUE TO A CODING ERROR IN THE LOGIC USED TO COMPUTE CITADEL SECURITIES'

POSITION CALCULATED FOR REGULATION SHO PURPOSES WHEN

HANDLING CERTAIN SCHEDULE-BASED NOT-HELD CLIENT ORDERS FILLED



ON A RISKLESS PRINCIPAL BASIS.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 09/22/2023

Docket/Case Number: 3-21703

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE, CEASE AND DESIST, AND UNDERTAKING

Resolution: Order

Resolution Date: 09/22/2023

Sanctions Ordered: Censure

Monetary/Fine \$7,000,000.00 Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE ORDER PROHIBITS

ANY FUTURE VIOLATIONS OF RULE 200(G) OF REGULATION SHO.

ADDITIONALLY, THE ORDER INCLUDES A CENSURE, CIVIL MONEY PENALTY OF \$7 MILLION, WHICH WAS PAID ON SEPTEMBER 27, 2023 AND CERTAIN UNDERTAKINGS RELATED TO CITADEL SECURITIES' REMEDIATION OF, AND POLICIES AND PROCEDURES RELATED TO, THE CONDUCT AT ISSUE IN

THE ORDER.

Firm Statement IN CONNECTION WITH THE SETTLEMENT, CITADEL SECURITIES DID NOT

ADMIT OR DENY THE FINDINGS, AND CONSENTED TO THE ENTRY OF AN ORDER (THE "ORDER") FINDING A WILLFUL VIOLATION OF RULE 200(G) OF REGULATION SHO. UPON DISCOVERY OF THE ERROR IN CONNECTION

WITH AN INTERNAL REGULATORY COMPLIANCE REVIEW, CITADEL

SECURITIES PROMPTLY CORRECTED THE RELEVANT CODING LOGIC AND RESUBMITTED TO THE SEC ORDER MARKING DATA FOR THE SECURITIES TRANSACTIONS THE SEC STAFF CONSIDERED TO HAVE BEEN IMPACTED BY THE ABOVE REFERENCED ISSUE. THE ORDER PROHIBITS ANY FUTURE VIOLATIONS OF RULE 200(G) OF REGULATION SHO. ADDITIONALLY, THE ORDER INCLUDES A CENSURE, CIVIL MONEY PENALTY OF \$7 MILLION, WHICH WAS PAID ON SEPTEMBER 27, 2023, AND CERTAIN UNDERTAKINGS RELATED TO CITADEL SECURITIES' REMEDIATION OF, AND POLICIES AND PROCEDURES RELATED TO, THE CONDUCT AT ISSUE IN THE ORDER.



Disclosure 3 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN REASONABLE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT

THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS

STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTIONS LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO OPTION LIMIT ORDERS INCLUDED A PRICE CONTROL THAT WOULD REJECT LIMIT

ORDERS THAT WERE PRICED AT A CERTAIN PERCENTAGE AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN OPTION ORDER WAS CANCELED AND REPLACED, THE PRICE CONTROL WAS NOT APPLIED TO THE REPLACED OPTION ORDER. MOREOVER, THE

PRICE CONTROL WAS NOT APPLIED TO CHILD OPTION ORDERS. FURTHER, OPTION LIMIT ORDERS RECEIVED PRIOR TO THE MARKET OPEN THAT WERE LATER RE-ROUTED TO VARIOUS MARKETS WERE NOT SUBJECTED TO REASONABLY DESIGNED PRE-TRADE ERRONEOUS ORDER CONTROLS.

THE FINDINGS ALSO STATED THAT CERTAIN PRE-TRADE PRICE AND SIZE CONTROLS WERE NOT REASONABLY DESIGNED BECAUSE THE

ACCOMPANYING PROCEDURES WERE NOT SUFFICIENTLY DETAILED. THE

FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL

CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD

BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, FOR OPTIONS ORDERS, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS

RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS

CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW. IN ADDITION, THE FIRM APPLIED CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO OPTIONS MARKET ORDERS. HOWEVER, DELAYS IN PROCESSING MARKET DATA UPDATES REDUCED THE EFFECTIVENESS OF THE FIRM'S CONTROLS IN

TIMES OF VOLATILITY.

Initiated By: NASDAQ MRX, LLC



Date Initiated: 12/27/2021

Docket/Case Number: 2015046278306

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS HEREIN. THE FIRM CONSENTS TO A FINE PAYABLE TO MRX, CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX, INC., NASDAQ GEMX, INC., NASDAQ ISE, LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA INC.,

TOTALING \$225,000.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT



ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE

"FIRM") STIPULATED THAT (1) FROM FEBRUARY 2016 THROUGH NOVEMBER 2017, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE

NOVEMBER 2017, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION LIMIT ORDERS, (2) FROM FEBRUARY 10, 2016 THROUGH OCTOBER 2019, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, AND (3) FROM FEBRUARY 10, 2016 THROUGH MAY 2020, DELAYS IN PROCESSING CERTAIN MARKET DATA UPDATES AFFECTED THE EFFICACY OF CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS, IN VIOLATION OF EXCHANGE ACT RULE 15C3-5 AND MRX RULES 400 AND 401

(SINCE RENUMBERED).

Initiated By: NASDAQ MRX LLC

Date Initiated: 12/23/2021

Docket/Case Number: 20150462783-06

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

giit.

Sought:

Censure

Other Sanction(s)/Relief FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO NASDAQ MRX LLC. THE FIRM ALSO AGREED TO AN

UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. NASDAQ MRX WILL DIRECTLY

DEBIT THE FINE AMOUNT FROM THE FIRM'S ACCOUNT.

Firm Statement NASDAQ MRX WILL DIRECTLY DEBIT THE FINE AMOUNT FROM THE FIRM'S

ACCOUNT. THE FIRM SUBMITTED THE UNDERTAKING CERTIFICATION

NOTICE TO FINRA ON MARCH 24, 2022.



Disclosure 4 of 75

Reporting Source: Regulator

Current Status: Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE FINANCIAL, REGULATORY, AND OTHER RISKS OF ITS BUSINESS ACTIVITY TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEEDED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION AND EQUITY LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO OPTION LIMIT ORDERS INCLUDED A PRICE CONTROL THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT A CERTAIN PERCENTAGE AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN OPTION ORDER WAS CANCELED AND REPLACED, THIS CONTROL WAS NOT APPLIED TO THE REPLACED OPTION ORDER. MOREOVER, THIS CONTROL WAS NOT APPLIED TO OPTION ORDERS PLACED PRIOR TO MARKET OPEN, AND THIS CONTROL WAS NOT APPLIED TO CHILD OPTION ORDERS. IN ADDITION. OPTION LIMIT ORDERS RECEIVED PRIOR TO THE MARKET OPEN THAT WERE LATER RE-ROUTED TO VARIOUS MARKETS WERE NOT RE-SUBJECTED TO REASONABLY DESIGNED PRE-TRADE ERRONEOUS ORDER PRICE CONTROLS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO EQUITY LIMIT ORDERS INCLUDED PRICE CONTROLS THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT CERTAIN PERCENTAGES AWAY FROM THE NBBO. HOWEVER, WHEN AN EQUITY LIMIT ORDER WAS CANCELED AND REPLACED, A PRICE CONTROL WAS NOT APPLIED TO THE REPLACED ORDER. THE FINDINGS ALSO STATED THAT THE FIRM APPLIED CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS THAT INCORPORATED "SOFT BLOCKS." IN CONTRAST TO A "HARD BLOCK," WHICH GENERALLY PREVENTS AN ORDER FROM BEING SUBMITTED BY AUTOMATICALLY REJECTING IT, A SOFT BLOCK PREVENTS AN ORDER FROM BEING ROUTED TO A MARKET CENTER UNTIL IT IS EITHER OVERRIDDEN OR CONFIRMED BY A PERSON. THE FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, THE FIRM FAILED TO



REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF EQUITY AND OPTION ORDERS, RESPECTIVELY, THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW. ADDITIONALLY, THE FIRM APPLIED PRE-TRADE PRICE AND SIZE ERRONEOUS ORDER CONTROLS TO OPTIONS MARKET ORDERS. THE PRICE CONTROLS, HOWEVER, APPLIED AT THE TIME AN ORDER WAS RECEIVED BY THE FIRM AND DID NOT TAKE INTO ACCOUNT POTENTIAL MARKET CHANGES BETWEEN THE TIME AN ORDER WAS RECEIVED AND WHEN THE ORDER WAS ROUTED TO THE MARKET.

Initiated By: CBOE EDGX EXCHANGE, INC.

Date Initiated: 12/22/2021

Docket/Case Number: 2015046278311

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Consent

Resolution Date: 12/22/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

No

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$30,000 AND REQUIRED TO REVISE ITS

RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS LETTER OF CONSENT AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED HEREIN. THIS SETTLEMENT RELATES TO OTHER SETTLEMENTS THE FIRM REACHED



WITH CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX INC., NASDAQ GEMX, INC., NASDAQ ISE, LLC, NASDAQ MRX LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE NEW YORK

STOCK EXCHANGE LLC, AND NYSE ARCA, INC.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 15, 2014 THROUGH MAY 2, 2018, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION AND EQUITY LIMIT ORDERS, AND (2) FROM AUGUST 15, 2014 THROUGH MAY 2020, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. IN

VIOLATION OF EXCHANGE ACT RULE 15C3-5 AND EDGX RULES 3.2 AND 5.1.

Initiated By: CBOE EDGX EXCHANGE INC

Date Initiated: 12/13/2021

Docket/Case Number: 20150462783-11

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s): OPTIONS
Principal Sanction(s)/Relief Censure

Other Sanction(s)/Relief

Sought:

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/22/2021

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$30,000 TO CBOE EDGX EXCHANGE, INC. THE FIRM ALSO AGREED TO AN



UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. THE FIRM PAID THE FINE ON DECEMBER 23, 2021.

Firm Statement

THE FIRM PAID THE FINE ON DECEMBER 23, 2021. THE FIRM SUBMITTED THE UNDERTAKING CERTIFICATION NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 5 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE FINANCIAL. REGULATORY. AND OTHER RISKS OF ITS BUSINESS ACTIVITY TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. BY REJECTING ORDERS THAT EXCEEDED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION AND EQUITY LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO OPTION LIMIT ORDERS INCLUDED A PRICE CONTROL THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT A CERTAIN PERCENTAGE AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN OPTION ORDER WAS CANCELED AND REPLACED. THIS CONTROL WAS NOT APPLIED TO THE REPLACED OPTION ORDER. MOREOVER, THIS CONTROL WAS NOT APPLIED TO OPTION ORDERS PLACED PRIOR TO MARKET OPEN. AND THIS CONTROL WAS NOT APPLIED TO CHILD OPTION ORDERS. IN ADDITION, OPTION LIMIT ORDERS RECEIVED PRIOR TO THE MARKET OPEN THAT WERE LATER RE-ROUTED TO VARIOUS MARKETS WERE NOT RE-SUBJECTED TO REASONABLY DESIGNED PRE-TRADE ERRONEOUS ORDER PRICE CONTROLS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS

APPLICABLE TO EQUITY LIMIT ORDERS INCLUDED PRICE CONTROLS THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT CERTAIN PERCENTAGES AWAY FROM THE NBBO. HOWEVER, WHEN AN EQUITY LIMIT ORDER WAS CANCELED AND REPLACED, A PRICE CONTROL WAS NOT APPLIED TO THE REPLACED ORDER. THE FINDINGS ALSO STATED THAT THE FIRM APPLIED CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS THAT INCORPORATED "SOFT BLOCKS." IN CONTRAST TO A "HARD BLOCK," WHICH GENERALLY PREVENTS AN ORDER FROM BEING SUBMITTED BY AUTOMATICALLY REJECTING IT, A SOFT BLOCK PREVENTS



AN ORDER FROM BEING ROUTED TO A MARKET CENTER UNTIL IT IS EITHER OVERRIDDEN OR CONFIRMED BY A PERSON. THE FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF EQUITY AND OPTION ORDERS, RESPECTIVELY, THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW. ADDITIONALLY, THE FIRM APPLIED PRE-TRADE PRICE AND SIZE ERRONEOUS ORDER CONTROLS TO OPTIONS MARKET ORDERS. THE PRICE CONTROLS, HOWEVER, APPLIED AT THE TIME AN ORDER WAS RECEIVED BY THE FIRM AND DID NOT TAKE INTO ACCOUNT POTENTIAL MARKET CHANGES BETWEEN THE TIME AN ORDER WAS RECEIVED AND WHEN THE ORDER WAS ROUTED TO THE MARKET.

Initiated By: CBOE BZX EXCHANGE, INC.

Date Initiated: 12/22/2021

Docket/Case Number: 2015046278310

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Consent

Resolution Date: 12/22/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered: UNDERTAKING



Sanction Details: THE FIRM WAS CENSURED, FINED \$30,000 AND REQUIRED TO REVISE ITS

RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS LETTER OF CONSENT AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED HEREIN. THIS SETTLEMENT RELATES TO OTHER SETTLEMENTS THE FIRM REACHED WITH CBOE BYX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX INC., NASDAQ GEMX, INC., NASDAQ ISE LLC, NASDAQ MRX LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE NEW YORK

STOCK EXCHANGE LLC, AND NYSE ARCA, INC.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 15, 2014 THROUGH MAY 2, 2018, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION AND EQUITY LIMIT ORDERS, AND (2) FROM AUGUST 15, 2014 THROUGH MAY 2020, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, IN VIOLATION OF EXCHANGE ACT RULE 15C3-5 AND BZX RULES 3.2 AND 5.1.

Initiated By: CBOE BZX EXCHANGE INC

Date Initiated: 12/13/2021

Docket/Case Number: 20150462783-10

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s): OPTIONS
Principal Sanction(s)/Relief Censure

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief

FINE AND UNDERTAKING

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 12/22/2021

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$30,000 TO CBOE BZX EXCHANGE, INC. THE FIRM ALSO AGREED TO AN UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. THE FIRM PAID THE FINE ON

DECEMBER 23, 2021.

Firm Statement THE FIRM PAID THE FINE ON DECEMBER 23, 2021. THE FIRM SUBMITTED

THE UNDERTAKING CERTIFICATION NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 6 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE FINANCIAL, REGULATORY, AND OTHER RISKS OF ITS BUSINESS ACTIVITY TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEEDED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN EQUITY LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO EQUITY LIMIT ORDERS INCLUDED PRICE CONTROLS THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT CERTAIN PERCENTAGES AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN EQUITY LIMIT ORDER WAS CANCELED AND REPLACED, A PRICE CONTROL WAS NOT APPLIED TO THE REPLACED ORDER. MOREOVER, FOR THE ENTIRE REVIEW PERIOD, THE FIRM'S PRICE CONTROLS DID NOT APPLY WHEN ITS ORDER ROUTING SYSTEMS DID NOT HAVE NBBO OR PRICING DATA. THE FINDINGS ALSO STATED THAT CERTAIN

PRE-TRADE PRICE AND SIZE CONTROLS WERE NOT REASONABLY
DESIGNED BECAUSE THE ACCOMPANYING PROCEDURES WERE NOT
SUFFICIENTLY DETAILED. THE FIRM'S PROCEDURES FAILED TO PROVIDE
SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO
REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT

SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN



REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW.

Initiated By: CBOE BYX EXCHANGE, INC.

Date Initiated: 12/22/2021

Docket/Case Number: 2015046278312

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Consent

Resolution Date: 12/22/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS

RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS LETTER OF CONSENT AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED HEREIN. THIS SETTLEMENT RELATES TO OTHER SETTLEMENTS THE FIRM REACHED WITH CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX, INC., NASDAQ GEMX, INC., NASDAQ ISE, LLC, NASDAQ MRX LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE NEW YORK



STOCK EXCHANGE LLC, AND NYSE ARCA, INC.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 15, 2014 THROUGH MAY 2, 2018, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN EQUITY LIMIT ORDERS, AND (2) FROM AUGUST 15,

2014 THROUGH MAY 2018, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, IN VIOLATION OF

EXCHANGE ACT RULE 15C3-5 AND BYX RULES 3.2 AND 5.1.

Initiated By: CBOE BYX EXCHANGE INC

Date Initiated: 12/13/2021

Docket/Case Number: 20150462783-12

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/22/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO CBOE EDGA EXCHANGE, INC. THE FIRM ALSO AGREED TO AN UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. THE FIRM PAID THE FINE ON



DECEMBER 23, 2021.

Firm Statement THE FIRM PAID THE FINE ON DECEMBER 23, 2021. THE FIRM SUBMITTED

THE UNDERTAKING CERTIFICATION NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 7 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE FINANCIAL, REGULATORY, AND OTHER RISKS OF ITS BUSINESS ACTIVITY TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. BY REJECTING ORDERS THAT EXCEEDED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN EQUITY LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO EQUITY LIMIT ORDERS INCLUDED PRICE CONTROLS THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT CERTAIN PERCENTAGES AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN EQUITY LIMIT ORDER WAS CANCELED AND REPLACED, A PRICE CONTROL WAS NOT APPLIED TO THE REPLACED ORDER. MOREOVER, THE FIRM'S PRICE CONTROLS DID NOT APPLY WHEN ITS ORDER ROUTING SYSTEMS DID NOT HAVE NBBO OR PRICING DATA. THE FINDINGS ALSO STATED THAT CERTAIN PRE-TRADE PRICE AND SIZE

CONTROLS WERE NOT REASONABLY DESIGNED BECAUSE THE

ACCOMPANYING PROCEDURES WERE NOT SUFFICIENTLY DETAILED. THE

FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL

CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW.

Initiated By: CBOE EDGA EXCHANGE, INC.

Date Initiated: 12/22/2021

Docket/Case Number: 2015046278313



Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Consent

Resolution Date: 12/22/2021

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?
Sanctions Ordered:

Censure

No

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS LETTER OF CONSENT AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED HEREIN. THIS SETTLEMENT RELATES TO OTHER SETTLEMENTS THE FIRM REACHED WITH CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX INC., NASDAQ GEMX, INC., NASDAQ ISE, LLC, NASDAQ MRX LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE NEW YORK STOCK EXCHANGE, AND NYSE ARCA, INC.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 15, 2014 THROUGH MAY 2,



2018, (1) THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN EQUITY LIMIT ORDERS, AND (2) FROM AUGUST 15, 2014 THROUGH MAY 2018, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO

PREVENT THE ENTRY OF ERRONEOUS ORDERS, IN VIOLATION OF

EXCHANGE ACT RULE 15C3-5 AND EDGA RULES 3.2 AND 5.1.

CBOE EDGA EXCHANGE INC. **Initiated By:**

Date Initiated: 12/13/2021

Docket/Case Number: 20150462783-13

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/22/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: **UNDERTAKING**

THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF Sanction Details:

> \$15.000 TO CBOE EDGA EXCHANGE. INC.NC. THE FIRM ALSO AGREED TO AN UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. THE FIRM PAID THE FINE ON

DECEMBER 23, 2021.

Firm Statement THE FIRM PAID THE FINE ON DECEMBER 23, 2021. THE FIRM SUBMITTED

THE UNDERTAKING CERTIFICATION NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 8 of 75

Reporting Source: Regulator

Current Status: Final

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED Allegations:

> TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN REASONABLE RISK MANAGEMENT CONTROLS



AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTIONS LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO OPTION LIMIT ORDERS INCLUDED A PRICE CONTROL THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT A CERTAIN PERCENTAGE AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN OPTION ORDER WAS CANCELED AND REPLACED, THE PRICE CONTROL WAS NOT APPLIED TO THE REPLACED OPTION ORDER. MOREOVER, THE PRICE CONTROL WAS NOT APPLIED TO OPTION ORDERS PLACED PRIOR TO MARKET OPEN, AND IT WAS NOT APPLIED TO CHILD OPTION ORDERS. IN ADDITION, OPTION LIMIT ORDERS RECEIVED PRIOR TO THE MARKET OPEN THAT WERE LATER RE-ROUTED TO VARIOUS MARKETS WERE NOT SUBJECTED TO REASONABLY DESIGNED PRE-TRADE ERRONEOUS ORDER CONTROLS. THE FINDINGS ALSO STATED THAT CERTAIN PRE-TRADE PRICE AND SIZE CONTROLS WERE NOT REASONABLY DESIGNED BECAUSE THE ACCOMPANYING PROCEDURES WERE NOT SUFFICIENTLY DETAILED. THE FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, FOR OPTIONS ORDERS. THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK. INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW. IN ADDITION, THE FIRM APPLIED CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO OPTIONS MARKET ORDERS. HOWEVER, DELAYS IN PROCESSING MARKET DATA UPDATES REDUCED THE EFFECTIVENESS OF THE FIRM'S CONTROLS IN TIMES OF VOLATILITY.

Initiated By: NASDAQ ISE, LLC

Date Initiated: 12/27/2021

Docket/Case Number: 2015046278302

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:



Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS

RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS HEREIN. THE FIRM CONSENTS TO A FINE PAYABLE TO ISE ,CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX, INC., NASDAQ GEMX, INC., NASDAQ MRX LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA INC., TOTALING

\$225,000.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 2014 THROUGH NOVEMBER 2017, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION LIMIT ORDERS, (2) FROM AUGUST 15, 2014 THROUGH OCTOBER 2019, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, AND (3) FROM AUGUST 15, 2014 THROUGH MAY 2020, DELAYS IN PROCESSING CERTAIN MARKET



DATA UPDATES AFFECTED THE EFFICACY OF CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS, IN VIOLATION OF EXCHANGE ACT RULE

15C3-5 AND ISE RULES 400 AND 401 (SINCE RENUMBERED).

Initiated By: NASDAQ ISE LLC

Date Initiated: 12/23/2021

Docket/Case Number: 20150462783-02

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Options

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO NASDAQ ISE, LLC, THE FIRM ALSO AGREED TO AN

UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS
AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND
PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH

THE RULES AND REGULATIONS AT ISSUE. NASDAQ ISE WILL DIRECTLY

DEBIT THE FINE AMOUNT FROM FIRM'S ACCOUNT.

Firm Statement NASDAQ ISE WILL DIRECTLY DEBIT THE FINE AMOUNT FROM THE FIRM'S

ACCOUNT. THE FIRM SUBMITTED THE UNDERTAKING CERTIFICATION

NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 9 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN REASONABLE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. BY REJECTING ORDERS THAT



EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTIONS LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO OPTION LIMIT ORDERS INCLUDED A PRICE CONTROL THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT A CERTAIN PERCENTAGE AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN OPTION ORDER WAS CANCELED AND REPLACED, THE PRICE CONTROL WAS NOT APPLIED TO THE REPLACED OPTION ORDER. MOREOVER, THE PRICE CONTROL WAS NOT APPLIED TO OPTION ORDERS PLACED PRIOR TO MARKET OPEN, AND IT WAS NOT APPLIED TO CHILD OPTION ORDERS. IN ADDITION, OPTION LIMIT ORDERS RECEIVED PRIOR TO THE MARKET OPEN THAT WERE LATER RE-ROUTED TO VARIOUS MARKETS WERE NOT SUBJECTED TO REASONABLY DESIGNED PRE-TRADE ERRONEOUS ORDER CONTROLS. THE FINDINGS ALSO STATED THAT CERTAIN PRE-TRADE PRICE AND SIZE CONTROLS WERE NOT REASONABLY DESIGNED BECAUSE THE ACCOMPANYING PROCEDURES WERE NOT SUFFICIENTLY DETAILED. THE FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, FOR OPTIONS ORDERS, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW. THE FINDINGS ALSO INCLUDED THAT THE FIRM APPLIED CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO OPTIONS MARKET ORDERS. HOWEVER, DELAYS IN PROCESSING MARKET DATA UPDATES REDUCED THE EFFECTIVENESS OF THE FIRM'S CONTROLS IN TIMES OF VOLATILITY.

Initiated By: NASDAQ OPTIONS MARKET LLC

Date Initiated: 12/27/2021

Docket/Case Number: 2015046278307

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:



Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS HEREIN. THE FIRM CONSENTS TO A FINE PAYABLE TO NOM, CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX, INC., NASDAQ GEMX, INC., NASDAQ ISE, LLC, NASDAQ MRX LLC, NASDAQ PHLX LLC, THE NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA INC., TOTALING \$225,000.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 2014 THROUGH NOVEMBER 2017, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION LIMIT ORDERS, (2) FROM AUGUST 15, 2014 THROUGH OCTOBER 2019, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, AND (3) FROM AUGUST 15, 2014 THROUGH MAY 2020, DELAYS IN PROCESSING CERTAIN MARKET

DATA UPDATES AFFECTED THE EFFICACY OF CERTAIN PRE-TRADE



ERRONEOUS ORDER CONTROLS, IN VIOLATION OF EXCHANGE ACT RULE 15C3-5, NASDAQ RULES 3010 AND 2010A (SINCE RENUMBERED), AND

CHAPTER III §§ 1, 2(A), AND 2(A)(I) OF THE NOM RULES (SINCE

RENUMBERED).

Initiated By: NASDAQ OPTIONS MARKET LLC

Date Initiated: 12/23/2021

Docket/Case Number: 20150462783-07

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO THE NASDAQ OPTIONS MARKET LLC. THE FIRM ALSO AGREED

TO AN UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. NASDAQ OPTIONS MARKET WILL DIRECTLY DEBIT THE FINE AMOUNT FROM THE

FIRM'S ACCOUNT.

Firm Statement NASDAQ OPTIONS MARKET WILL DIRECTLY DEBIT THE FINE AMOUNT

FROM THE FIRM'S ACCOUNT. THE FIRM SUBMITTED THE UNDERTAKING

CERTIFICATION NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 10 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN REASONABLE RISK MANAGEMENT CONTROLS.



AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTIONS LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO OPTION LIMIT ORDERS INCLUDED A PRICE CONTROL THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT A CERTAIN PERCENTAGE AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN OPTION ORDER WAS CANCELED AND REPLACED, THE PRICE CONTROL WAS NOT APPLIED TO THE REPLACED OPTION ORDER. MOREOVER, THE PRICE CONTROL WAS NOT REAPPLIED TO OPTION ORDERS PLACED PRIOR TO MARKET OPEN, AND IT WAS NOT APPLIED TO CHILD OPTION ORDERS. IN ADDITION, OPTION LIMIT ORDERS RECEIVED PRIOR TO THE MARKET OPEN THAT WERE LATER RE-ROUTED TO VARIOUS MARKETS WERE NOT SUBJECTED TO REASONABLY DESIGNED PRE-TRADE ERRONEOUS ORDER CONTROLS. THE FINDINGS ALSO STATED THAT CERTAIN PRE-TRADE PRICE AND SIZE CONTROLS WERE NOT REASONABLY DESIGNED BECAUSE THE ACCOMPANYING PROCEDURES WERE NOT SUFFICIENTLY DETAILED. THE FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE. FOR OPTIONS ORDERS, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK. INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW. THE FINDINGS ALSO INCLUDED THAT THE FIRM APPLIED CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO OPTIONS MARKET ORDERS. HOWEVER, DELAYS IN PROCESSING MARKET DATA UPDATES REDUCED THE EFFECTIVENESS OF THE FIRM'S CONTROLS IN TIMES OF VOLATILITY.

Initiated By: NASDAQ GEMX, LLC

Date Initiated: 12/27/2021

Docket/Case Number: 2015046278308

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:



Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS

RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS HEREIN. THE FIRM CONSENTS TO A FINE PAYABLE TO GEMX, CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX, INC., NASDAQ ISE, LLC, NASDAQ MRX, LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA, INC.,

TOTALING \$225,000.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 2014 THROUGH NOVEMBER 2017, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION LIMIT ORDERS, (2) FROM AUGUST 15, 2014 THROUGH OCTOBER 2019, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, AND (3) FROM AUGUST 15, 2014 THROUGH MAY 2020, DELAYS IN PROCESSING CERTAIN MARKET



DATA UPDATES AFFECTED THE EFFICACY OF CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS, IN VIOLATION OF EXCHANGE ACT RULE

15C3-5 AND GEMX RULES 400 AND 401 (SINCE RENUMBERED).

Initiated By: NASDAQ GEMX LLC

Date Initiated: 12/23/2021

Docket/Case Number: 20150462783-08

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Options

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO NASDAQ GEMX, INC. THE FIRM ALSO AGREED TO AN

UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. NASDAQ GEMX WILL DIRECTLY

DEBIT THE FINE AMOUNT FROM THE FIRM'S ACCOUNT.

Firm Statement NASDAQ GEMX WILL DIRECTLY DEBIT THE FINE AMOUNT FROM THE

FIRM'S ACCOUNT. THE FIRM SUBMITTED THE UNDERTAKING

CERTIFICATION NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 11 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN REASONABLE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT



EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN EQUITY LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO BOTH EQUITY LIMIT ORDERS INCLUDED PRICE CONTROLS THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT CERTAIN PERCENTAGES AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN EQUITY LIMIT ORDER WAS CANCELED AND REPLACED, A PRICE CONTROL WAS NOT APPLIED TO THE REPLACED ORDER. MOREOVER, THE FIRM'S PRICE CONTROLS DID NOT APPLY WHEN ITS ORDER ROUTING SYSTEMS DID NOT HAVE NBBO OR PRICING DATA. THIS RESULTED IN THE SUBMISSION OF EQUITY ORDERS TO VARIOUS MARKETS WITH PRICES THAT WERE NOT REASONABLY RELATED TO THE CURRENT NBBO. THE FINDINGS ALSO STATED THAT CERTAIN PRE-TRADE PRICE AND SIZE CONTROLS WERE NOT REASONABLY DESIGNED BECAUSE THE ACCOMPANYING PROCEDURES WERE NOT SUFFICIENTLY DETAILED. THE FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 12/27/2021

Docket/Case Number: 2015046278305

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered:

Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS HEREIN. THE FIRM CONSENTS TO A FINE PAYABLE TO NASDAQ, CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., NASDAQ BX, INC., NASDAQ GEMX, INC., NASDAQ ISE, LLC, NASDAQ MRX LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA INC., TOTALING \$225,000.

Reporting Source: Firm
Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE

"FIRM") STIPULATED THAT (1) FROM AUGUST 15, 2014 THROUGH NOVEMBER 2017, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE

ERRONEOUS ORDER CONTROLS TO CERTAIN EQUITY LIMIT ORDERS, AND

FROM AUGUST 15, 2014 THROUGH MAY 2018, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, IN VIOLATION OF EXCHANGE ACT RULE 15C3-5 AND NASDAQ RULES 3010

AND 2010A.

Initiated By: NASDAQ STOCK MARKET LLC

Date Initiated: 12/23/2021

Docket/Case Number: 20150462783-05



Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO THE NASDAQ STOCK MARKET LLC. THE FIRM ALSO AGREED TO AN UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. THE NASDAQ WILL DIRECTLY

DEBT THE FINE AMOUNT FROM THE FIRM'S ACCOUNT.

Firm Statement THE NASDAQ WILL DIRECTLY DEBT THE FINE AMOUNT FROM THE FIRM'S

ACCOUNT. THE FIRM SUBMITTED THE UNDERTAKING CERTIFICATION

NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 12 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN REASONABLE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS

EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTIONS LIMIT ORDERS. THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO OPTION LIMIT ORDERS INCLUDED A PRICE CONTROL THAT WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT A CERTAIN PERCENTAGE AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO"). HOWEVER, WHEN AN OPTION ORDER WAS CANCELED AND REPLACED, THE PRICE CONTROL



WAS NOT APPLIED TO THE REPLACED OPTION ORDER. MOREOVER, THE PRICE CONTROL WAS NOT APPLIED TO OPTION ORDERS PLACED PRIOR TO MARKET OPEN AND HIS CONTROL WAS NOT APPLIED TO CHILD OPTION ORDERS. IN ADDITION, OPTION LIMIT ORDERS RECEIVED PRIOR TO THE MARKET OPEN THAT WERE LATER RE-ROUTED TO VARIOUS MARKETS WERE NOT SUBJECTED TO REASONABLY DESIGNED PRE-TRADE ERRONEOUS ORDER CONTROLS. THE FINDINGS ALSO STATED THAT CERTAIN PRE-TRADE PRICE AND SIZE CONTROLS WERE NOT REASONABLY DESIGNED BECAUSE THE ACCOMPANYING PROCEDURES WERE NOT SUFFICIENTLY DETAILED. THE FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, FOR OPTIONS ORDERS, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW. IN ADDITION, THE FIRM APPLIED CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO OPTIONS MARKET ORDERS, HOWEVER, DELAYS IN PROCESSING MARKET DATA UPDATES REDUCED THE EFFECTIVENESS OF THE FIRM'S CONTROLS IN TIMES OF VOLATILITY.

Initiated By: NASDAQ PHLX LLC

Date Initiated: 12/27/2021

Docket/Case Number: 2015046278301

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Nο

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED. FINED \$15,000 AND REQUIRED TO REVISE ITS

> RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS HEREIN. THE FIRM CONSENTS TO A FINE PAYABLE TO PHLX, CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC: NASDAQ BX. INC., NASDAQ GEMX, INC., NASDAQ ISE, LLC, NASDAQ MRX LLC, THE NASDAQ OPTIONS MARKET LLC, THE NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA INC., TOTALING

\$225,000.

Firm

Current Status: Final

Reporting Source:

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

> PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT

> ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 2014 THROUGH NOVEMBER 2017, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION LIMIT ORDERS, (2) FROM AUGUST 15, 2014 THROUGH OCTOBER 2019. CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, AND (3) FROM AUGUST 15. 2014 THROUGH MAY 2020. DELAYS IN PROCESSING CERTAIN MARKET DATA UPDATES AFFECTED THE EFFICACY OF CERTAIN PRE-TRADE

ERRONEOUS ORDER CONTROLS, IN VIOLATION OF EXCHANGE ACT RULE

15C3-5 AND PHLX RULES 707 AND 748 (SINCE RENUMBERED).

Initiated By: NASDAQ PHLX LLC



Date Initiated: 12/23/2021

Docket/Case Number: 20150462783-01

Principal Product Type:

Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO NASDAQ PHLX LLC. THE FIRM ALSO AGREED TO AN

UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH

THE RULES AND REGULATIONS AT ISSUE.

Firm Statement NASDAQ PHLX WILL DIRECTLY DEBIT THE FINE AMOUNT FROM THE FIRM'S

ACCOUNT. THE FIRM SUBMITTED THE UNDERTAKING CERTIFICATION

NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 13 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN REASONABLE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS APPLICABLE TO OPTION LIMIT ORDERS INCLUDED A PRICE CONTROL THAT

WOULD REJECT LIMIT ORDERS THAT WERE PRICED AT A CERTAIN

PERCENTAGE AWAY FROM THE NATIONAL BEST BID OR OFFER ("NBBO").
HOWEVER, WHEN AN OPTION ORDER WAS CANCELED AND REPLACED,



THE PRICE CONTROL WAS NOT APPLIED TO THE REPLACED OPTION ORDER, MOREOVER, THE PRICE CONTROL WAS NOT APPLIED TO OPTION ORDERS PLACED PRIOR TO MARKET OPEN, AND IT WAS NOT APPLIED TO CHILD OPTION ORDERS. IN ADDITION, OPTION LIMIT ORDERS RECEIVED PRIOR TO THE MARKET OPEN THAT WERE LATER RE-ROUTED TO VARIOUS MARKETS WERE NOT SUBJECTED TO REASONABLY DESIGNED PRE-TRADE ERRONEOUS ORDER CONTROLS. THE FINDINGS ALSO STATED THAT CERTAIN PRE-TRADE PRICE AND SIZE CONTROLS WERE NOT REASONABLY DESIGNED BECAUSE THE ACCOMPANYING PROCEDURES WERE NOT SUFFICIENTLY DETAILED. THE FIRM'S PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT SUFFICIENTLY DETAIL THE STEPS FIRM PERSONNEL WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE. FOR OPTIONS ORDERS, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER COMPLETING THE MANUAL REVIEW.

Initiated By: NASDAQ BX. INC.

Date Initiated: 12/27/2021

Docket/Case Number: 2015046278304

Principal Product Type: Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

No Product

Resolution Date: 12/27/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Sanctions Ordered: Censure



Monetary/Fine \$15,000.00

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS OF DEFICIENCIES DESCRIBED IN THIS AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS HEREIN. THE FIRM CONSENTS TO A FINE PAYABLE TO BX, CBOE BYX EXCHANGE, INC., CBOE BZX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ GEMX, INC., NASDAQ PHLX LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, THE

NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA INC., TOTALING

\$225,000.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT (1) FROM AUGUST 2014 THROUGH NOVEMBER 2017, THE FIRM DID NOT APPLY CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS TO CERTAIN OPTION LIMIT ORDERS, AND (2) FROM AUGUST 15, 2014 THROUGH OCTOBER 2019, CERTAIN PRE-TRADE

CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, IN VIOLATION OF EXCHANGE ACT RULE 15C3-5, BX RULES 3010 AND 2110 (SINCE RENUMBERED), AND CHAPTER III §§ 1, 2(A), 2(A)(I) (SINCE

RENUMBERED) OF THE BX RULES.

Initiated By: NASDAQ BX INC

Date Initiated: 12/23/2021

Docket/Case Number: 20150462783-04

Principal Product Type:

Options

Other Product Type(s):

Principal Sanction(s)/Relief

Censure

Sought:



Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO NASDAQ BX, INC. THE FIRM ALSO AGREED TO AN

UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, AND IMPLEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS AT ISSUE. NASDAQ BX WILL DIRECTLY

DEBIT THE FINE AMOUNT FROM THE FIRM'S ACCOUNT.

Firm Statement NASDAQ BX WILL DIRECTLY DEBIT THE FINE AMOUNT FROM THE FIRM'S

ACCOUNT. THE FIRM SUBMITTED THE UNDERTAKING CERTIFICATION

NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 14 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO

ESTABLISH AND MAINTAIN CERTAIN REASONABLY DESIGNED RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES TO

PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS

THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS

WERE NOT APPLIED TO EQUITY LIMIT ORDERS IN CERTAIN SITUATIONS AND CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS WERE

SUBJECTED TO SOFT BLOCKS THAT WERE NOT REASONABLY DESIGNED

TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. THE FIRM'S

PROCEDURES FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT DETAIL THE STEPS FIRM PERSONNEL

WERE TO TAKE WHEN REVIEWING A SUBJECT ORDER OR THE

CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS



CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER

COMPLETING THE MANUAL REVIEW.

Initiated By: **NEW YORK STOCK EXCHANGE**

Date Initiated: 12/27/2021

Docket/Case Number: 2015046278309

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Nο

Resolution Date: 12/27/2021

Does the order constitute a final order based on

violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: **UNDERTAKING**

Sanction Details: THE FIRM WAS CENSURED, FINED \$15,000 AND WITHIN 90 DAYS OF THE

EXECUTION OF THIS AWC, THE FIRM AGREES TO PROVIDE A

CERTIFICATION THAT IT HAS REVISED ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES

DESCRIBED IN THE AWC: AND THE DATE THE REVISED CONTROLS AND PROCEDURES WERE IMPLEMENTED. THE FIRM CONSENTS TO A FINE

PAYABLE TO THE NYSE, CBOE BZX EXCHANGE, INC., CBOE BYX

EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX, INC., NASDAQ GEMX,

INC., NASDAQ ISE, LLC, NASDAQ MRX, LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, AND NYSE ARCA, INC TOTALING

\$225,000.



Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE

"FIRM") STIPULATED THAT (1) FROM AUGUST 15, 2014 THROUGH NOVEMBER 2017. THE FIRM DID NOT APPLY CERTAIN PRE-TRADE

ERRONEOUS ORDER CONTROLS TO CERTAIN EQUITY LIMIT ORDERS, AND (2) FROM AUGUST 15, 2014 THROUGH MAY 2018, CERTAIN PRE-TRADE CONTROLS AND SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, IN VIOLATION OF EXCHANGE ACT RULE 15C3-5 AND NYSE RULE 3110.

Initiated By: THE NEW YORK STOCK EXCHANGE LLC

Date Initiated: 12/13/2021

Docket/Case Number: 20150462783-09

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15,000 TO THE NEW YORK STOCK EXCHANGE LLC. THE FIRM ALSO

AGREED TO AN UNDERTAKING TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES. THE FIRM PAID THE FINE

ON DECEMBER 29, 2021.

Firm Statement THE FIRM PAID THE FINE ON DECEMBER 29, 2021. THE FIRM SUBMITTED

THE UNDERTAKING CERTIFICATION NOTICE TO FINRA ON MARCH 24, 2022.



Disclosure 15 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO

ESTABLISH AND MAINTAIN CERTAIN REASONABLY DESIGNED RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES

REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS

ORDERS, BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. THE FINDINGS STATED THAT CERTAIN PRE-TRADE ERRONEOUS ORDER CONTROLS THAT EXCHANGE TRADED PRODUCT ("ETP") ORDER FLOW WERE SUBJECTED TO WERE SOFT BLOCKS THAT WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. THE FIRM'S PROCEDURES FOR ETP TRADING FAILED TO PROVIDE SUFFICIENT DETAIL CONCERNING HOW FIRM PERSONNEL WERE TO REVIEW SOFT BLOCK ALERTS. THE FIRM'S PROCEDURES DID NOT DETAIL THE STEPS FIRM PERSONNEL WERE TO

TAKE WHEN REVIEWING A SUBJECT ORDER OR THE CIRCUMSTANCES UNDER WHICH A SOFT BLOCK SHOULD BE OVERRIDDEN OR CONFIRMED. FURTHERMORE, THE FIRM FAILED TO REQUIRE THAT THOSE PERSONS

RESPONSIBLE FOR REVIEWING SOFT BLOCK ALERTS

CONTEMPORANEOUSLY DOCUMENT THEIR REVIEW OF ORDERS THAT TRIGGERED A SOFT BLOCK, INCLUDING DOCUMENTING THE RATIONALE FOR RELEASING THE SUBJECT ORDERS INTO THE MARKET AFTER

COMPLETING THE MANUAL REVIEW.

Initiated By: NYSE ARCA, INC.

Date Initiated: 12/27/2021

Docket/Case Number: 2015046278303

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$15,000 AND WITHIN 90 DAYS, IT

AGREES TO PROVIDE A CERTIFICATION THAT IT HAS REVISED ITS RISK

MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES TO

ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC; AND THE DATE THE

REVISED CONTROLS PROCEDURES WERE IMPLEMENTED. THE FIRM CONSENTS TO A FINE PAYABLE TO NYSE ARCA, CBOE BZX EXCHANGE, INC., CBOE BYX EXCHANGE, INC., CBOE EDGA EXCHANGE, INC., CBOE EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ BX, INC., NASDAQ GEMX, INC., NASDAQ ISE, LLC, NASDAQ MRX, LLC, THE NASDAQ OPTIONS MARKET LLC, NASDAQ PHLX LLC, AND NEW YORK

STOCK EXCHANGE LLC, TOTALING \$225,000.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY

PROCEEDINGS, AS PART OF A COLLECTIVE SETTLEMENT REACHED WITH OTHER EXCHANGES RELATING TO SIMILAR ALLEGATIONS, AND WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT OR ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC (THE

"FIRM") STIPULATED THAT, IN OCTOBER 2019, IN VIOLATION OF

EXCHANGE ACT RULE 15C3-5 AND NYSE ARCA RULE 11.18, CERTAIN OF

THE FIRM'S PRE-TRADE ERRONEOUS ORDER CONTROLS AND

SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO

PREVENT THE ENTRY OF ERRONEOUS ORDERS.

Initiated By: NYSE ARCA INC

Date Initiated: 12/13/2021

Docket/Case Number: 20150462783-03

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):



Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$15.000 TO NYSE ARCA INC. THE FIRM ALSO AGREED TO AN UNDERTAKING

TO REVISE THE FIRM'S RISK MANAGEMENT CONTROLS AND

SUPERVISORY PROCEDURES. THE FINE WAS PAID ON DECEMBER 29.

2021

Firm Statement THE FINE WAS PAID ON DECEMBER 29, 2021. THE FIRM SUBMITTED THE

UNDERTAKING CERTIFICATION NOTICE TO FINRA ON MARCH 24, 2022.

Disclosure 16 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT, DURING THE PERIOD BETWEEN JANUARY 28, 2020 AND JUNE 30, 2020, VIOLATED NYSE NATIONAL RULE 7.20(E) BY FAILING FAILED TO PROVIDE THE REQUIRED WRITTEN NOTICE TO NYSE NATIONAL TO WITHDRAW ITS REGISTRATION AS A MARKET MAKER FOR SYMBOLS SUBJECT TO

CORPORATE ACTIONS AND SUBJECT TO SHORT-SALE BANS AND FAILED TO IDENTIFY NYSE NATIONAL AMONG THE EXCHANGES FROM WHICH THE

FIRM INTENDED TO DEREGISTER.

Initiated By: NYSE NATIONAL, INC.

Date Initiated: 09/15/2021

Docket/Case Number: 2020-08-00089

Principal Product Type:

No Product

Other Product Type(s):



Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 09/27/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC (THE "FIRM") STIPULATED THAT, BETWEEN JANUARY 28, 2020 AND JUNE 30, 2020, THE FIRM FAILED TO PROVIDE THE REQUISITE WRITTEN NOTICE TO WITHDRAW AS A MARKET MAKER IN CERTAIN

SECURITIES, IN VIOLATION OF NYSE NATIONAL RULE 7.20(E).

Initiated By: NYSE NATIONAL INC REGULATION

Date Initiated: 09/15/2021

Docket/Case Number: 2020-08-00089

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/27/2021

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF

\$7,500 TO SETTLE THE CHARGES, WHICH THE FIRM PAID ON SEPTEMBER

28, 2021.

Firm Statement THE FIRM PAID THE FINE ON SEPTEMBER 28, 2021

Disclosure 17 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT REPORTED TREASURY TRANSACTIONS TO TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THAT IT WAS NOT REQUIRED TO REPORT. THE FINDINGS

STATED THAT THE OVER-REPORTING OCCURRED WHEN THE FIRM

TRANSFERRED TREASURY SECURITIES WITHIN ITS INTERNAL ACCOUNTS BECAUSE IT UNINTENTIONALLY REMOVED THE LOGIC TO PREVENT THESE INTERNAL TRANSFERS FROM BEING AUTOMATICALLY REPORTED. THE FIRM DETECTED THE ISSUE PRIOR TO BEING CONTACTED BY FINRA AND REINSERTED THE LOGIC. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO APPEND THE NO REMUNERATION INDICATOR TO TRACE

REPORTS FOR TREASURY TRANSACTIONS WITH AN AFFILIATE THAT WERE AT COST. THE FIRM DID NOT INCLUDE THE NO REMUNERATION INDICATOR BECAUSE IT DID NOT HAVE THE NECESSARY LOGIC TO AUTOMATICALLY CODE THESE TRANSACTIONS TO INCLUDE IT. THE FIRM DISCOVERED THE

ISSUE PRIOR TO BEING CONTACTED BY FINRA AND ADDED THE

NECESSARY LOGIC TO INCLUDE THE INDICATOR. THE FINDINGS ALSO INCLUDED THAT THE FIRM REPORTED THAT THE CONTRA-PARTY IN A TRANSACTION WAS A CUSTOMER WHEN THE TRANSACTION WAS WITH AN AFFILIATE. THE INACCURATE REPORTING OCCURRED BECAUSE THE FIRM'S LOGIC AUTOMATICALLY MARKED ANY CONTRA-PARTY THAT WAS NOT A BROKER-DEALER AS A CUSTOMER. THE FIRM DISCOVERED THE ISSUE PRIOR TO BEING CONTACTED BY FINRA AND FIXED IT. FINRA FOUND THAT THE FIRM DID NOT HAVE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH TRACE REPORTING RULES BECAUSE ITS

SUPERVISORY REVIEWS FOR COMPLIANCE WITH TRACE REPORTING

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WERE LIMITED TO ALERTS GENERATED FOR REPORTING ERRORS THAT

WERE INCORRECT ON THEIR FACE, SUCH AS LATE REPORTS OR

REPORTS MISMATCHED REPORTS OF BROKER-DEALER CONTRA-PARTIES.

THUS, IF THERE WAS AN ISSUE THAT COULD NOT BE DETECTED THROUGH AN AUTOMATIC ALERT, THE FIRM'S SUPERVISORY SYSTEM WOULD NOT DETECT IT. THE FIRM CORRECTED THIS ISSUE AND ADDED

SUPERVISORY REVIEWS TO ADDRESS THE VIOLATIONS.

Initiated By: FINRA

Date Initiated: 03/25/2021

Docket/Case Number: 2019061038301

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Nο

Resolution Date: 03/25/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$275,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$275,000. FINE PAID IN FULL ON

APRIL 5, 2021.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC (THE "FIRM") STIPULATED THAT, BETWEEN JULY 2017 AND



OCTOBER 2019, THE FIRM (1) VIOLATED FINRA RULES 6730 AND 2010 BY (A) FROM AUGUST 2, 2017 THROUGH DECEMBER 8, 2018, INCORRECTLY REPORTING TREASURY TRANSACTIONS TO TRACE IT SHOULD NOT HAVE REPORTED; (B) FROM JULY 10, 2017 THROUGH OCTOBER 9, 2019, REPORTING AT-COST TRANSACTIONS WITH AN AFFILIATE TO TRACE WITHOUT APPENDING THE "NO REMUNERATION" INDICATOR; (C) FROM JULY 10, 2017 THROUGH NOVEMBER 15, 2018, REPORTING TRANSACTIONS WITH AN AFFILIATE WITH THE CUSTOMER COUNTERPARTY TYPE AND (2) VIOLATED FINRA RULES 3110 AND 2010 BY FAILING TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM DESIGNED TO ACHIEVE COMPLIANCE WITH TRACE REPORTING RULES. IN ALL CASES, THE INCORRECT REPORTS INVOLVED INTERNAL POSITION TRANSFERS OR TRANSACTIONS

WITH AFFILIATES AND DID NOT INVOLVE TRANSACTIONS WITH CLIENTS.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Date Initiated: 03/25/2021

Docket/Case Number: 2019061038301

Principal Product Type: Debt - Government

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/25/2021

Sanctions Ordered: Censure

Monetary/Fine \$275,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO CENSURE AND AGREED TO PAY \$275,000 TO

FINRA TO SETTLE THE CHARGES, WHICH THE FIRM PAID ON APRIL 5, 2021.

Firm Statement THE FIRM PAID THE FINE ON APRIL 5, 2021.

Disclosure 18 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT REPORTED



EQUITY SALE TRANSACTIONS TO THE FNTRF WITH AN INACCURATE SHORT SALE INDICATOR, THE FINDINGS STATED THAT THE FIRM RELEASED A NEW SYSTEM DESIGNED TO IMPLEMENT THE NEW ORDER MARKING AND TRADE REPORTING METHODOLOGIES REQUIRED PURSUANT TO REGULATION SHO FAQ 2.5 AND FINRA TRADE REPORTING FAQ 407.13, RESPECTIVELY. HOWEVER, THE FIRM INADVERTENTLY OMITTED ONE OF ITS EXECUTION SYSTEMS AS PART OF THE RELEASE, AND THUS REPORTED TRADES USING THE HISTORICAL METHODOLOGY. THIS OMISSION CAUSED THE FIRM TO REPORT SHORT SALE EQUITY TRANSACTIONS TO THE FNTRF WITHOUT THE SHORT SALE INDICATOR. THE FIRM REMEDIATED THE ISSUE AFTER FINRA NOTIFIED IT OF THE ISSUE. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO HAVE A SUPERVISORY SYSTEM, INCLUDING WSPS, THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULES REQUIRING THE USE OF SHORT SALE INDICATORS. THE FIRM CONDUCTED END OF DAY REVIEWS FOR THE ACCURACY OF SHORT SALE TRANSACTION REPORTING. BUT THESE REVIEWS DID NOT INCLUDE TRADES EFFECTED THROUGH ALL OF ITS EXECUTION SYSTEMS. EVEN IF THE FIRM HAD INCLUDED ALL EXECUTION SYSTEMS IN ITS SUPERVISORY REVIEWS, IT WOULD NOT HAVE REVIEWED THE MISREPORTED TRANSACTIONS FOR SHORT SALE REPORTING REQUIREMENTS BECAUSE THE SUPERVISORY REVIEWS ONLY LOOKED AT ORDER ACTIVITY COVERED BY REGULATION SHO. UNLIKE FINRA'S TRADE REPORTING RULES, REGULATION SHO DID NOT APPLY TO THE MISREPORTED TRANSACTIONS BECAUSE REGULATION SHO MANDATES THE MARKING OF SELL ORDERS AND HERE THE MISREPORTED TRANSACTIONS WERE LIMITED TO THE EXECUTION OF INCOMING ORDERS RATHER THAN ORDER ENTRY OR ROUTING. THE FIRM ADDRESSED THE DEFICIENCIES IN ITS WSPS AFTER FINRA BROUGHT THE ISSUE TO ITS ATTENTION.

Initiated By: FINRA

Date Initiated: 11/13/2020

Docket/Case Number: 2016051085001

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/13/2020



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$180,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$180,000. FINE PAID IN FULL ON

NOVEMBER 24, 2020.

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Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC (THE "FIRM") STIPULATED THAT, BETWEEN SEPTEMBER 14, 2015 AND JULY 21, 2016, THE FIRM HAD A SYSTEM ISSUE, RELATED TO

THE IMPLEMENTATION OF THE NEW ORDER MARKING AND TRADE REPORTING METHODOLOGIES REQUIRED PURSUANT TO REGULATION SHO FAQ 2.5 AND FINRA TRADE REPORTING FAQ 407.13, RESPECTIVELY, WHICH CAUSED IT TO REPORT APPROXIMATELY 6.5 MILLION EQUITY SALE TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) WITH AN INACCURATE SHORT SALE INDICATOR IN VIOLATION OF FINRA RULES 6182, 7230A(D), AND 2010, AND THAT THE FIRM ALSO FAILED TO HAVE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULES REQUIRING THE USE OF SHORT SALE

INDICATORS IN VIOLATION OF FINRA RULES 3110 AND 2010.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY.

Date Initiated: 10/27/2020

Docket/Case Number: 2016051085001

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure



Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/13/2020

Sanctions Ordered: Censure

Monetary/Fine \$180,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY \$180.000

(COMPRISED OF \$140,000 FOR TRADE REPORTING VIOLATIONS AND \$40,000 FOR THE RELATED SUPERVISORY VIOLATIONS) TO FINRA TO SETTLE THE CHARGES. THE FIRM PAID THE FINE ON NOVEMBER 24, 2020.

Firm Statement THE FIRM PAID THE FINE ON NOVEMBER 24, 2020.

Disclosure 19 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO DEMONSTRATE ELIGIBILITY OF THE EXCHANGE ACT RULE 15C2-11(F)(2)

EXCEPTION BY MAKING A CONTEMPORANEOUS RECORD OF

INFORMATION IN CONNECTION WITH QUOTATIONS. THE FINDINGS STATED THAT THE FIRM REQUIRED ITS BROKER-DEALER CLIENTS TO AFFIRM ON A BLANKET OR ORDER-BY-ORDER BASIS THAT RELEVANT ORDERS SENT TO IT WERE UNSOLICITED IN ORDER TO COMPLY WITH THE EXCEPTION. TO AFFIRM ON A BLANKET BASIS, THE FIRM REQUIRED EACH BROKER-

DEALER CLIENT TO EXECUTE AN UNSOLICITED ORDER LETTER, KEPT ON FILE, IN WHICH THE CLIENT REPRESENTED IT WOULD ONLY SEND

UNSOLICITED ORDERS TO THE FIRM. BROKER-DEALER CLIENTS THAT DID NOT EXECUTE UNSOLICITED ORDER LETTERS COULD AFFIRM THAT ORDERS SENT TO THE FIRM WERE UNSOLICITED ON AN ORDER-BY-

ORDER BASIS BY MARKING AN ORDER'S SOLICITED FLAG AS "N" TO

INDICATE IT AS UNSOLICITED. THE FIRM'S ORIGINAL GATEWAY IDENTIFIED CERTAIN ORDERS AS EXCEPTIONS WHERE A BROKER-DEALER CLIENT DID NOT HAVE AN UNSOLICITED ORDER LETTER AND THE BROKER-DEALER CLIENT POPULATED THE SOLICITED FLAG WITH A "Y" OR LEFT IT BLANK. THE ORIGINAL GATEWAY'S CONTROLS PROHIBITED THE FIRM FROM AUTOMATICALLY DISPLAYING THE ORDERS, FLAGGED THE ORDERS AS EXCEPTIONS AND REQUIRED A MANUAL REVIEW TO ENSURE THEY WERE UNSOLICITED, WHICH WAS DOCUMENTED ON AN UNSOLICITED ORDER



CONFIRMATION LOG. AS A RESULT OF AN INADVERTENT LOGIC CHANGE. THE FIRM'S NEW CLIENT GATEWAY DID NOT IDENTIFY AS EXCEPTIONS WHERE A BROKER-DEALER CLIENT DID NOT HAVE AN UNSOLICITED ORDER LETTER AND THE CLIENT LEFT THE SOLICITED FLAG FIELD BLANK. THEREFORE, THE NEW GATEWAY TREATED CERTAIN ORDERS AS UNSOLICITED AND ELIGIBLE FOR DISPLAY, RESULTING IN APPROXIMATELY 15,443 QUOTATIONS. ADDITIONALLY, IN CONNECTION WITH A QUOTATION, THE FIRM'S BROKER-DEALER CLIENT CANCELLED THE ORDER PRIOR TO THE ENTRY OF THE QUOTE. IN CONNECTION WITH ANOTHER QUOTATION, THE FIRM'S BROKER-DEALER CUSTOMER'S ORDER WAS AN UNSOLICITED SELL ORDER OF 1,000 SHARES, BUT THE POSTED QUOTATION WAS FOR 3,410 SHARES. THE FIRM, THEREFORE, DID NOT HAVE UNSOLICITED CUSTOMER ORDERS, EITHER IN HAND OR FOR THE FULL AMOUNT OF THE QUOTATION, WHEN IT PUBLISHED THE QUOTATIONS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE FINRA RULES. THE PROCESS UTILIZED BY THE FIRM TO ACHIEVE COMPLIANCE WITH THE RELEVANT RULES WAS FLAWED BECAUSE IT DID NOT FLAG AS EXCEPTIONS ORDERS WITH BLANK SOLICITED FLAGS. THE WSPS, DID NOT PROVIDE ANY DESCRIPTION AS TO WHAT THE ACTUAL SUPERVISORY REVIEW ENTAILED OR ANY STEPS TO BE TAKEN BY THE DESIGNATED INDIVIDUAL TO ACHIEVE COMPLIANCE WITH THE APPLICABLE FINRA RULE. FOR EXAMPLE, THERE IS NO GUIDANCE ON HOW THE DESK SUPERVISOR MUST ENSURE THAT ADEQUATE SUPPORTING DOCUMENTATION EXISTS, WHAT SOURCES OF INFORMATION MUST BE CONSULTED IN CONDUCTING SUCH A REVIEW, OR HOW THE DESK SUPERVISOR ENSURES THAT THE FIRM'S SYSTEMS REJECT ORDERS RECEIVED FROM CLIENTS WITH NO UNSOLICITED ORDER LETTERS ON FILE AND WHO FAILED TO POPULATE THE SOLICITED FLAG WITH AN "N."

Initiated By: FINRA

Date Initiated: 09/03/2020

Docket/Case Number: 2017053653101

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/03/2020

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$30,000. FINES PAID IN FULL ON

SEPTEMBER 8, 2020.

Reporting Source: Firm
Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC (THE "FIRM") STIPULATED THAT, BETWEEN APRIL 1, 2016 AND MAY 30, 2017, THE FIRM VIOLATED (1) FINRA RULES 6432 AND 2010 BY FAILING TO DEMONSTRATE ELIGIBILITY FOR THE EXCHANGE ACT RULE

15C2-11(F)(2) EXCEPTION THAT REQUIRED THE FIRM TO MAKE A CONTEMPORANEOUS RECORD OF INFORMATION RELATED TO

UNSOLICITED ORDERS IN CONNECTION WITH 15,445 QUOTATIONS, AND (2) VIOLATED FINRA RULES 3110 AND 2010 BY FAILING TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS,

AND FINRA RULE 6432.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Date Initiated: 08/26/2020

Docket/Case Number: 2017053653101

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Censure

Sought:

Other Sanction(s)/Relief FINE



Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/03/2020

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO CENSURE AND AGREED TO PAY \$30,000 TO

FINRA TO SETTLE THE CHARGES.

Firm Statement THE FIRM PAID THE FINE ON SEPTEMBER 8, 2020.

Disclosure 20 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT TRADED AHEAD OF CERTAIN ACTIVE OTC CUSTOMER ORDERS. THE FINDINGS STATED THAT THE FIRM SOUGHT TO PROGRAM ITS OTC DESK TRADING SYSTEMS TO COMPLY WITH TRADING AHEAD AND LIMIT ORDER DISPLAY

RULES BY PROVIDING CUSTOMER ORDERS AUTOMATED ORDER PROTECTION, QUOTE DISPLAY, AND EXECUTION. THE OTC DESK,

HOWEVER, IMPLEMENTED CONTROLS, SETTINGS AND PROCESSES THAT REMOVED HUNDREDS OF THOUSANDS OF MOSTLY LARGER CUSTOMER ORDERS FROM THOSE LOGICS. WHILE THOSE CONTROLS, SETTINGS AND PROCESSES HAD MULTIPLE PURPOSES, THEY SHARED A PRINCIPAL PURPOSE OF DIRECTING OTC CUSTOMER ORDERS FOR MANUAL REVIEW

AND/OR HANDLING. IMPACTED ORDERS WERE RENDERED INACTIVE UNTIL THE COMPLETION OF A MANUAL TRADER REVIEW. WHILE OTC CUSTOMER ORDERS WERE INACTIVE, THE FIRM, IN MANY INSTANCES, AS

PART OF ITS MARKET MAKING ACTIVITIES, TRADED FOR ITS OWN

ACCOUNT ON THE SAME SIDE OF THE MARKET AT PRICES THAT WOULD HAVE SATISFIED THE ORDERS, WITHOUT IMMEDIATELY THEREAFTER EXECUTING THEM UP TO THE SIZE AND AT THE SAME OR BETTER PRICE AS IT TRADED FOR ITS OWN ACCOUNT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO CONSISTENTLY APPLY ITS WRITTEN METHODOLOGY TO CERTAIN OTC CUSTOMER ORDERS. FOR OTC CUSTOMER ORDERS RENDERED INACTIVE BY THE CONTROLS, SETTINGS AND PROCESSES,

EXECUTION PRIORITY DEPENDED ON WHEN OTC DESK TRADERS

MANUALLY REVIEWED AND HANDLED THE ORDERS, NOT JUST THE PRICE-TIME PRIORITY DESCRIBED IN THE FIRM'S WRITTEN METHODOLOGY. THE



TIME IT TOOK OTC DESK TRADERS TO MANUALLY HANDLE CUSTOMER ORDERS RANGED BASED ON MARKET FACTORS AND THEIR VARIOUS OTHER RESPONSIBILITIES ON THE DESK. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO DISPLAY CERTAIN OTC CUSTOMER LIMIT ORDERS. THERE WERE VARIOUS CIRCUMSTANCES WHERE OTC CUSTOMER LIMIT ORDERS THAT REQUIRED DISPLAY WERE HANDLED MANUALLY OR WERE SUBJECT TO DELAYED AUTOMATED HANDLING, WHICH, IN CERTAIN INSTANCES, RESULTED IN THE FIRM FAILING TO HANDLE THE ORDERS. THE FIRM ALLOWED OTC TRADERS TO DISABLE THE SYSTEM COMPONENT THAT AUTOMATICALLY SENT OTC LINK MESSAGES ON A SYMBOL-BY-SYMBOL BASIS. CAUSING MARKETABLE LIMIT ORDERS IN DISABLED SYMBOLS TO BE HANDLED MANUALLY. THE FIRM ALSO PROGRAMMED ITS SYSTEMS, IN THE EVENT THAT AN OUTBOUND OTC LINK MESSAGE EXPIRED AFTER 30 SECONDS LEAVING THE ORDER UNEXECUTED, TO SYSTEMATICALLY DELAY SENDING ANOTHER OUTBOUND OTC LINK MESSAGE TO THE SAME UNRESPONSIVE MARKET MAKER FOR THREE SECONDS. RESULTING IN A DELAY OF 33 SECONDS BETWEEN THE FIRM'S OUTBOUND OTC LINK MESSAGES. THE THREE SECOND DELAY WAS TO ALLOW THE UNRESPONSIVE MARKET MAKER AN OPPORTUNITY TO UPDATE ITS QUOTATION. THE FIRM'S DISPLAY OF CUSTOMER LIMIT ORDERS WAS SOMETIMES DELAYED DUE TO MARKET DATA ISSUES OR BECAUSE MANUAL TRADER INTERVENTION WAS REQUIRED AS PART OF ITS INTERNAL OPENING CROSS PROCESS. FINRA FOUND THAT THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH TRADING AHEAD AND LIMIT ORDER DISPLAY RULES FOR OTC CUSTOMER ORDERS. AMONG OTHER THINGS, THE FIRM DID NOT ESTABLISH WSPS REQUIRING SUPERVISORY REVIEWS OF OTC CUSTOMER ORDERS. NOR DID IT ESTABLISH ANY SUPERVISORY REPORTS OR OTHER TOOLS TO ALLOW SUPERVISORS TO MONITOR WHETHER OTC CUSTOMER ORDERS WERE HANDLED IN COMPLIANCE WITH APPLICABLE RULES. FURTHERMORE, THE REPORTS THE FIRM IMPLEMENTED WITH RESPECT TO THE DISPLAY OF OTC CUSTOMER LIMIT ORDERS WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6460.

Initiated By: FINRA

Date Initiated: 07/16/2020

Docket/Case Number: 2014041859401

Principal Product Type:

Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:



Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/16/2020

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$700,000.00

Other Sanctions Ordered:

UNDERTAKINGS

Sanction Details:

THE FIRM WAS CENSURED, FINED \$700,000 AND REQUIRED TO PROVIDE RESTITUTION, PLUS INTEREST, TO EACH CORRESPONDING FIRM CLIENT FOR THE CUSTOMER ORDERS THAT IT EXECUTED AT PRICES WORSE THAN IT TRADED FOR ITS OWN ACCOUNT AND REQUIRED TO SUBMIT TO FINRA WITHIN 120 DAYS A WRITTEN CERTIFICATION THAT IT HAS

COMPLETED A REVIEW OF ITS SYSTEMS, POLICIES, AND PROCEDURES REGARDING THE DISPLAY OF OTC CUSTOMER LIMIT ORDERS, AND ITS SYSTEMS, POLICIES, AND PROCEDURES ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULES AND THE FEDERAL SECURITIES

LAWS AND REGULATIONS APPLICABLE TO THE DISPLAY OF OTC CUSTOMER LIMIT ORDERS. FINES PAID IN FULL ON JULY 31, 2020.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC (THE "FIRM") STIPULATED THAT, BETWEEN SEPTEMBER 2012 AND SEPTEMBER 2014 THE FIRM TRADED AHEAD OF CERTAIN CLIENT

ORDERS IN OTC EQUITY SECURITIES WHILE THEY WERE RENDERED INACTIVE WHILE AWAITING MANUAL REVIEW AND ACTION AND, BETWEEN

OCTOBER 2012 AND SEPTEMBER 2018, FAILED TO TIMELY DISPLAY

CERTAIN CLIENT LIMIT ORDERS IN OTC EQUITY SECURITIES. THESE ACTS CONSTITUTE A VIOLATION OF FINRA RULES 5320 AND 6460, AND RELATED

SUPERVISORY RULES.

Initiated By: FINRA



Date Initiated: 07/09/2020

Docket/Case Number: 2014041859401

Principal Product Type:

Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE, DISGORGEMENT, AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/16/2020

Sanctions Ordered: Censure

Monetary/Fine \$700,000.00 Disgorgement/Restitution

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM CONSENTED TO CENSURE AND AGREED TO PAY \$700,000 TO

FINRA TO SETTLE THE CHARGES. THE FIRM ALSO AGREED TO CERTAIN UNDERTAKINGS, INCLUDING (A) PAYING RESTITUTION TO ELIGIBLE FIRM CLIENT FOR THE ALLEGED 5320(A) VIOLATIONS; AND, (B) A CERTIFICATION OF REVIEW OF ITS SYSTEMS, POLICIES, AND PROCEDURES, REGARDING

THE DISPLAY OF OTC CUSTOMER LIMIT ORDERS.

Firm Statement THE FIRM PAID THE FINE ON JULY 31, 2020. THE FIRM WILL UPDATE THE

FORM BD DRP UPON COMPLETION OF THE CLIENT RESTITUTION AND UNDERTAKING CERTIFICATION REQUIREMENTS, WITHIN THE REQUIRED

DUE DATES STIPULATED IN THE AWC.

Disclosure 21 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL SECURITIES, LLC FAILED TO CLOSE OUT A FAIL TO DELIVER

POSITION IN ONE EQUITY SECURITY WITHIN THE PRESCRIBED TIME; EFFECTED SHORT SALES IN AN EQUITY SECURITY FOR WHICH IT HAD NOT CLOSED OUT A FAIL TO DELIVER POSITION WITHOUT FIRST BORROWING

OR ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE

SECURITY.

VIOLATION OF C2 RULE 4.2 AND REGULATION SHO RULE 204.

PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS



AMENDED.

SANCTION: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF

\$10,000.

Initiated By: CBOE C2 EXCHANGE, INC.

Date Initiated: 02/14/2020

Docket/Case Number: STAR NO. 20180580176 / FILE NO. USRI-8731

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Consent

Resolution Date: 02/28/2020

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Nο

Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$10,000

Reporting Source: Firm

Current Status: Final

Allegations: ON FEBRUARY 14, 2020, CITADEL SECURITIES LLC ("CITADEL SECURITIES"

OR THE "FIRM") ENTERED INTO A LETTER OF CONSENT ("LOC") WITH CBOE C2 EXCHANGE INC, WHICH WAS FINALIZED ON FEBRUARY 28, 2020. THE LOC RELATED TO ALLEGATIONS THAT ON DECEMBER 21, 2017, THE FIRM FAILED TO CLOSE OUT A FAIL TO DELIVER POSITION IN ONE EQUITY SECURITY WITHIN THE PRESCRIBED TIME, IN VIOLATION OF REG SHO RULE 204(A) AND EXCHANGE RULE 4.2, AND TO ALLEGATIONS THAT ON DECEMBER 22, 2017, THE FIRM EFFECTED SHORT SALES IN AN EQUITY

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SECURITY FOR WHICH IT HAD NOT CLOSED OUT A FAIL TO DELIVER POSITION WITHOUT FIRST BORROWING OR ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY, IN VIOLATION OF REG SHO RULE 204(B) AND EXCHANGE RULE 4.2. THE FIRM NEITHER ADMITTED

NOR DENIED THE ALLEGATIONS.

Initiated By: CBOE C2 EXCHANGE, INC

Date Initiated: 02/14/2020

Docket/Case Number: STAR 20180580176/USRI-8731

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Consent

Resolution Date: 02/28/2020

Sanctions Ordered: Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO CENSURE AND AGREED TO PAY \$10,000 TO

CBOE C2 TO SETTLE THE CHARGES. THE FIRM PAID THE FINE ON MARCH

3. 2020.

Firm Statement THE RELEVANT FINDINGS IN THE LOC ARE DESCRIBED IN ITEM 7. THE

SANCTIONS IMPOSED BY THE LOC ARE DESCRIBED IN ITEM 12.C. THE

FIRM PAID THE FINE ON MARCH 3, 2020.

Disclosure 22 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ON THE RELEVANT DATE, CITADEL SECURITIES VIOLATED NYSE RULE 123C(3) BY IMPROPERLY CANCELLING A TOTAL OF 231 MARKET-ON-CLOSE ("MOC") ORDERS THAT WERE ASSOCIATED WITH A SINGLE BASKET OF SECURITIES

AFTER THE PRESCRIBED CUT-OFF TIME OF 3:50 P.M., WHEN

CANCELLATIONS OR REDUCTIONS ARE ONLY PERMITTED TO CORRECT



LEGITIMATE ERRORS. THE FINDINGS STATED THAT THE FIRM ALSO VIOLATED NYSE RULE 3110 BY FAILING TO IMPLEMENT ADEQUATE SUPERVISORY SYSTEMS AND CONTROLS REASONABLY DESIGNED TO

ACHIEVE COMPLIANCE WITH NYSE RULE 123C.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 02/07/2020

Docket/Case Number: 20190500001

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other

Other Sanction(s)/Relief

Sought:

N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Nο

Resolution Date: 02/07/2020

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$15,000.

Regulator Statement IN RESOLVING THIS MATTER, NYSER ALSO CONSIDERED

REPRESENTATIONS MADE BY THE FIRM CONCERNING ITS SUBSEQUENT REMEDIAL ACTIONS, INCLUDING ITS MODIFICATIONS TO THE POST-TRADE SURVEILLANCE REPORT TO INCORPORATE PREVIOUSLY EXCLUDED ACTIVITY, AS WELL AS THE DEPLOYMENT OF A FIX THAT EXTENDS APPLICATION OF THE FIRM'S MOC/LOC CONTROLS TO CHILD ORDERS.

Reporting Source: Firm

Current Status: Final

Allegations: ON JANUARY 13, 2020, CITADEL SECURITIES LLC ("CITADEL SECURITIES"



OR THE "FIRM") ENTERED INTO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT ("AWC") WITH NYSE REGULATION, WHICH WAS FINALIZED ON FEBRUARY 7, 2020, RELATED TO ALLEGATIONS THAT, ON APRIL 30, 2019, THE FIRM IMPROPERLY CANCELLED A TOTAL OF 231 MARKET-ON-CLOSE ORDERS (ALL ASSOCIATED WITH A SINGLE BASKET OF SECURITIES) AFTER THE PRESCRIBED CUT-OFF TIME OF 3:50 P.M., ABSENT A

LEGITIMATE ERROR, IN VIOLATION OF NYSE RULE 123C(3). IN ADDITION, THE AWC ALLEGED THAT THE FIRM FAILED TO IMPLEMENT ADEQUATE SUPERVISORY SYSTEMS AND CONTROLS IN VIOLATION OF NYSE RULE 3110. THE FIRM NEITHER ADMITTED NOR DENIED THE ALLEGATIONS.

Initiated By: NYSE REGULATION

Date Initiated: 01/13/2020

Docket/Case Number: 2019-05-00001

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/07/2020

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO CENSURE AND AGREED TO PAY \$15,000 TO

NYSER TO SETTLE THE CHARGES. THE FIRM PAID THE FINE ON FEBRUARY

11, 2020.

Firm Statement THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED IN ITEM 7. THE

SANCTIONS IMPOSED BY THE AWC ARE DESCRIBED IN ITEM 12.C. THE

FIRM PAID THE FINE ON FEBRUARY 11, 2020.

Disclosure 23 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL SECURITIES LLC: (I) DID NOT HAVE WRITTEN POLICIES AND

PROCEDURES TO PREVENT THE EXECUTION OR DISPLAY OF SHORT SALE



ORDERS AT PRICES LESS THAN OR EQUAL TO THE CURRENT NBB WHEN A CIRCUIT BREAKER WAS IN EFFECT; (II) FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WSPS, AND A SYSTEM FOR APPLYING SUCH PROCEDURES, REASONABLY DESIGNED TO PREVENT AND DETECT VIOLATIONS RELATED TO REGULATION SHO RULE 201.

VIOLATION OF C2 RULES 4.2 AND 4.24; REGULATION SHO RULE 201, PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

SANCTION: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF

\$15,000.

Initiated By: CBOE C2 EXCHANGE, INC.

Date Initiated: 01/22/2020

Docket/Case Number: STAR NO. 20180590083 / FILE NO. USRI-8681

No

Final

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Consent

Resolution Date: 01/23/2020

Does the order constitute a final order based on violations of any laws or

regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Current Status:

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$15.000

Civil and Administrative Penalt(ies) /Fine(s)

Reporting Source: Firm

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Allegations:

FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC (THE "FIRM") STIPULATED THAT BETWEEN JUNE 12, 2013 AND OCTOBER 17, 2017, THE FIRM PRINCIPALLY EXECUTED BETWEEN 248 AND 7,698 CLIENT BUY ORDERS WITH EXECUTIONS PRICES THAT WERE AT THE NATIONAL BEST BID DURING A CIRCUIT BREAKER. THESE ACTS CONSTITUTE A VIOLATION OF EXCHANGE RULE 4.2 AND REGULATION SHO 201(B)(1), IN THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PREVENT THE EXECUTION AND DISPLAY OF SHORT SALE ORDERS AT A PRICE LESS THAN OR EQUAL TO THE CURRENT NATIONAL BEST BID

DURING A CIRCUIT BREAKER.

ADDITIONALLY, DURING THE RELEVANT PERIOD, THE FIRM VIOLATED EXCHANGE RULE 4.24 BECAUSE IT FAILED TO ESTABLISH, MAINTAIN, AND

ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ENSURE

COMPLIANCE WITH REGULATION SHO RULE 201.

Initiated By: CBOE C2 EXCHANGE, INC

Date Initiated: 01/22/2020

Docket/Case Number: 20180590083

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/23/2020

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE, AND A \$15,000 FINE,

WHICH THE FIRM PAID ON FEBRUARY 7, 2020.

Firm Statement CITADEL SECURITIES SUBMITTED A LETTER OF CONSENT ON JANUARY 22,

2020. THE RELEVANT FINDINGS IN THE CONSENT ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE CONSENT ARE DESCRIBED IN ITEM

12.C. THE FIRM PAID THE FINE ON FEBRUARY 7, 2020.



Disclosure 24 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL SECURITIES LLC: (I) DID NOT HAVE WRITTEN POLICIES AND

PROCEDURES TO PREVENT THE EXECUTION OR DISPLAY OF SHORT SALE ORDERS AT PRICES LESS THAN OR EQUAL TO THE CURRENT NBB WHEN A CIRCUIT BREAK WAS IN EFFECT; (II) FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WSPS, AND A SYSTEM FOR APPLYING SUCH PROCEDURES, REASONABLY DESIGNED TO PREVENT AND DETECT VIOLATIONS RELATED

TO REGULATION SHO RULE 201.

VIOLATION OF CBOE RULES 4.2 AND 4.24; REGULATION SHO RULE 201, PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS

AMENDED.

SANCTION: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF

\$15,000.

Initiated By: CBOE EXCHANGE, INC.

Date Initiated: 01/22/2020

Docket/Case Number: STAR NO. 20180590083 / FILE NO. USRI-8681

Options

No

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Consent

Resolution Date: 01/23/2020

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure



Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$15,000

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC (THE "FIRM") STIPULATED THAT BETWEEN JUNE 12, 2013 AND OCTOBER 17, 2017, THE FIRM PRINCIPALLY EXECUTED BETWEEN 248 AND 7,698 CLIENT BUY ORDERS WITH EXECUTIONS PRICES THAT WERE AT

THE NATIONAL BEST BID DURING A CIRCUIT BREAKER. THESE ACTS CONSTITUTE A VIOLATION OF EXCHANGE RULE 4.2 AND REGULATION SHO 201(B)(1), IN THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PREVENT THE EXECUTION AND DISPLAY OF SHORT SALE ORDERS AT A PRICE LESS THAN OR EQUAL TO THE CURRENT NATIONAL BEST BID

DURING A CIRCUIT BREAKER.

ADDITIONALLY, DURING THE RELEVANT PERIOD, THE FIRM VIOLATED EXCHANGE RULE 4.24 BECAUSE IT FAILED TO ESTABLISH, MAINTAIN, AND

ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ENSURE

COMPLIANCE WITH REGULATION SHO RULE 201.

Initiated By: CBOE

Date Initiated: 01/22/2020

Docket/Case Number: 20180590083

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/23/2020

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00



Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE, AND A \$15,000 FINE,

WHICH THE FIRM PAID ON FEBRUARY 7, 2020.

Firm Statement CITADEL SECURITIES SUBMITTED A LETTER OF CONSENT ON JANUARY 22,

2020. THE RELEVANT FINDINGS IN THE CONSENT ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE CONSENT ARE DESCRIBED IN ITEM

12.C. THE FIRM PAID THE FINE ON FEBRUARY 7, 2020.

Disclosure 25 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: ON OR ABOUT NOVEMBER 16, 2017, CITADEL SECURITIES, LLC TENDERED

34.299 SHARES IN EXCESS OF ITS NET LONG POSITION FOR THE PARTIAL

TENDER OFFER IN CBS.

VIOLATION OF EXCHANGE RULE 4.2; RULE 14E-4 PROMULGATED UNDER

THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

SANCTION: A CENSURE, A MONETARY FINE IN THE AMOUNT OF \$30,000,

AND DISGORGEMENT IN THE AMOUNT OF \$26,668.

Initiated By: CBOE EXCHANGE, INC.

Date Initiated: 08/21/2019

Docket/Case Number: STAR NO. 20180579081 / FILE NO. USRI-8703

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

DISGORGEMENT IN THE AMOUNT OF \$26,668

Resolution: Consent

Resolution Date: 08/28/2019

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Nο



Monetary/Fine \$30,000.00 Disgorgement/Restitution

Other Sanctions Ordered: DISGORGEMENT IN THE AMOUNT OF \$26.668

Sanction Details: A CENSURE, A MONETARY FINE IN THE AMOUNT OF \$30,000, AND

DISGORGEMENT IN THE AMOUNT OF \$26.668

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC STIPULATED THAT, ON OR ABOUT NOVEMBER 16, 2017, IT TENDERED SHARES IN A PARTIAL TENDER OFFER IN EXCESS OF ITS NET LONG POSITION, WHICH CONSTITUTES A VIOLATION OF SEC RULE 14E-4

AND CBOE RULE 4.2

Initiated By: CBOE EXCHANGE, INC

Date Initiated: 08/21/2019

Docket/Case Number: USRI-8703

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND DISGORGEMENT

Resolution: Consent

Resolution Date: 08/28/2019

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00 Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE, A \$30,000 FINE, AND

DISGORGEMENT OF \$26,668, BOTH OF WHICH CITADEL SECURITIES PAID

ON AUGUST 29, 2019.

Firm Statement CITADEL SECURITIES SUBMITTED A CONSOLIDATED OFFER OF



SETTLEMENT AND LETTER OF CONSENT ON AUGUST 21, 209, WHICH THE CBOE ACCEPTED ON AUGUST 28, 2019. THE RELEVANT FINDINGS IN THE OFFER ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE OFFER ARE DESCRIBED IN ITEM 12.C. THE FINE AND DISGORGEMENT WERE PAID ON AUGUST 28, 2019.

Disclosure 26 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL SECURITIES LLC FAILED TO ESTABLISH, MAINTAIN AND ENFORCE

WRITTEN PROCEDURES TO ASSURE COMPLIANCE WITH EXCHANGE

RULES.

VIOLATIONS OF EXCHANGE RULES 3.1, 5.1, AND 22.12.

SANCTION: A \$70,000 FINE AND A CENSURE.

Civil and Administrative Penalt(ies) /Fine(s)

Initiated By: CBOE BZX EXCHANGE, INC.

Date Initiated: 06/26/2019

Docket/Case Number: STAR NO. 20150480375 / FILE NO. USRI-5765

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

A CENSURE

Nο

Resolution: Consent

Resolution Date: 07/01/2019

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$70,000.00

Other Sanctions Ordered:

Sanction Details: SANCTION: A \$70,000 FINE AND A CENSURE.



Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL SECURITIES LLC (THE "FIRM") STIPULATED THAT ON AT LEAST 41

INSTANCES BETWEEN MARCH 2013 AND DECEMBER 2014 (THE "RELEVANT PERIOD"), IT ROUTED AGENCY ORDERS TO BZX AND EXECUTED THOSE ORDERS AS PRINCIPAL WITHOUT FIRST EXPOSING THEM ON BZX FOR AT

LEAST ONE SECOND. ACCORDING TO THE LETTER OF CONSENT ENTERED INTO BETWEEN THE FIRM AND CBOE BXZ EXCHANGE, INC. ON JUNE 26, 2019, EACH REFERENCED INSTANCE CONSTITUTED A VIOLATION OF BZX RULE 22.12; HOWEVER, THERE WAS NO EVIDENCE THAT CLIENT

ORDERS WERE DISADVANTAGED.

ADDITIONALLY, DURING THE RELEVANT PERIOD, THE FIRM VIOLATED BXZ RULES 5.1 AND 3.1 BECAUSE IT FAILED TO ESTABLISH, MAINTAIN, AND

ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ENSURE

COMPLIANCE WITH BZX RULE 22.12.

Initiated By: CBOE EXCHANGE, INC

Date Initiated: 06/26/2019

Docket/Case Number: 20150480375

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Consent

Resolution Date: 07/01/2019

Sanctions Ordered: Censure

Monetary/Fine \$70,000.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE, AND A \$70,000 FINE,

WHICH WAS PAID ON JUNE 27, 2019.



Firm Statement

CITADEL SECURITIES SUBMITTED A LETTER OF CONSENT ON JUNE 26, 2019. THE RELEVANT FINDINGS IN THE CONSENT ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE CONSENT ARE DESCRIBED IN ITEM 12.C. THE FINE WAS PAID ON JUNE 27, 2019.

Disclosure 27 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: SEC ADMIN RELEASE 34-84759 / DECEMBER 10, 2018:

THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT

APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC

ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND

HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE

SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST

CITADEL SECURITIES LLC ("CITADEL" OR "RESPONDENT").

THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF CITADEL'S FAILURE TO SUBMIT TO THE COMMISSION COMPLETE AND ACCURATE DATA IN RESPONSE TO COMMISSION STAFF ELECTRONIC BLUE SHEETS ("EBS") REQUESTS, RESULTING IN THE REPORTING OF EBS

THAT WAS INCOMPLETE OR DEFICIENT.

COMMISSION STAFF ROUTINELY SENDS REQUESTS FOR SECURITIES TRADING RECORDS TO MARKET MAKERS, BROKERS AND/OR CLEARING FIRMS IN ORDER TO IDENTIFY BUYERS AND SELLERS OF SECURITIES, AND FIRMS PROVIDE THE REQUESTED RECORDS IN A UNIVERSAL

ELECTRONIC FORMAT KNOWN AS THE EBS FORMAT. IT IS A FUNDAMENTAL

OBLIGATION OF BROKER-DEALERS TO PROVIDE COMPLETE AND

ACCURATE EBS DATA WHEN REQUESTED BY REPRESENTATIVES OF THE COMMISSION TO DO SO. THE SUBMISSION OF COMPLETE AND ACCURATE BLUE SHEET DATA IS CRITICAL TO MANY ASPECTS OF THE COMMISSION'S OPERATIONS AND ITS ABILITY TO DISCHARGE ITS ENFORCEMENT AND

REGULATORY MANDATES. THE FAILURE OF A BROKER-DEALER TO PROVIDE COMPLETE AND ACCURATE EBS INFORMATION IN RESPONSE TO A COMMISSION REQUEST CAN IMPACT THE COMMISSION'S ABILITY TO DISCHARGE ITS STATUTORY OBLIGATIONS, UNDERMINE THE INTEGRITY

OF ITS INVESTIGATIONS AND EXAMINATIONS, AND ULTIMATELY INTERFERE

WITH THE COMMISSION'S ABILITY TO PROTECT INVESTORS.

FROM NOVEMBER 2012 TO AUGUST 2016, CITADEL SUBMITTED 2,774 EBS

TO THE COMMISSION, ALL OF WHICH CONTAINED DEFICIENT INFORMATION, RESULTING IN INCORRECT REPORTING OF TRADE EXECUTION TIME DATA FOR APPROXIMATELY 80 MILLION TRADES. AS A RESULT, CITADEL VIOLATED THE RECORDKEEPING AND REPORTING REQUIREMENTS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULES

17A-4(J) AND 17A-25 THEREUNDER.



SECTION 17 OF THE EXCHANGE ACT IMPOSES ON BROKER-DEALERS RECORDKEEPING AND REPORTING REQUIREMENTS THAT ARE ESSENTIAL TO THE COMMISSION'S ABILITY TO ENFORCE THE FEDERAL SECURITIES LAWS AND TO PROTECT INVESTORS. TO ENSURE THE CONTINUED EFFECTIVENESS OF THE COMMISSION'S ENFORCEMENT AND REGULATORY PROGRAMS, BROKER-DEALERS MUST COMPLY WITH, AMONG OTHER THINGS: RULE 17A-25, REQUIRING THAT BROKER-

DEALERS SUBMIT ELECTRONICALLY SECURITIES TRANSACTION INFORMATION UPON REQUEST BY THE COMMISSION; AND RULE 17A-4(J), REQUIRING BROKER-DEALERS TO FURNISH PROMPTLY LEGIBLE, TRUE, COMPLETE, AND CURRENT COPIES OF REQUIRED RECORDS UPON REQUEST BY A REPRESENTATIVE OF THE COMMISSION. CITADEL FAILED

TO COMPLY WITH THESE REQUIREMENTS.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 12/10/2018

Docket/Case Number: 3-18915

Principal Product Type: Other

Other Product Type(s): ELECTRONIC BLUE SHEETS

Principal Sanction(s)/Relief

Sought:

Cease and Desist

Other Sanction(s)/Relief

Sought:

Resolution: Order

Resolution Date: 12/10/2018

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

No

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$3,500,000.00 Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: IT IS ORDERED THAT CITADEL IS CENSURED AND SHALL CEASE AND

DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND

RULES 17A-4(J) AND 17A-25 PROMULGATED THEREUNDER.



IT IS ALSO ORDERED THAT CITADEL SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$3.5 MILLION TO THE SECURITIES AND EXCHANGE

COMMISSION.

Regulator Statement RESPONDENT HAS SU

RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT ("OFFER")

THAT THE COMMISSION HAS DETERMINED TO ACCEPT.

CITADEL WILLFULLY VIOLATED SECTION 17(A)(1) OF THE EXCHANGE ACT

AND RULES 17A-4(J) AND 17A-25 PROMULGATED THEREUNDER. IT IS ORDERED THAT CITADEL IS CENSURED AND SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND

RULES 17A-4(J) AND 17A-25 PROMULGATED THEREUNDER.

IT IS ALSO ORDERED THAT CITADEL SHALL PAY A CIVIL MONEY PENALTY IN

THE AMOUNT OF \$3.5 MILLION TO THE SECURITIES AND EXCHANGE

COMMISSION.

Reporting Source: Firm

Current Status: Final

Allegations: ON DECEMBER 10, 2018, CITADEL SECURITIES LLC ("CITADEL

SECURITIES") ENTERED INTO A SETTLEMENT WITH THE SECURITIES AND

EXCHANGE COMMISSION ("SEC") RELATED TO DEFICIENCIES IN ITS

ELECTRONIC BLUE SHEET ("EBS") REPORTING, DUE TO AN UNDETECTED CODING ERROR, BETWEEN NOVEMBER 2012 THROUGH AUGUST 2016. IN CONNECTION WITH THE SETTLEMENT, CITADEL SECURITIES CONSENTED TO THE ENTRY OF AN ORDER (THE "ORDER") FINDING A VIOLATION OF THE RECORDKEEPING AND REPORTING REQUIREMENTS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULE 17A-4(J) THEREUNDER BY FAILING TO FURNISH PROMPTLY TRUE AND COMPLETE TRADING INFORMATION AS REQUESTED BY THE SEC DURING THE RELEVANT TIME PERIOD. IN

ADDITION, CITADEL WILLFULLY VIOLATED EXCHANGE ACT RULE 17A-25 BY

FAILING TO SUBMIT ELECTRONICALLY CERTAIN SECURITIES

TRANSACTION INFORMATION TO THE SEC THROUGH THE EBS SYSTEM IN RESPONSE TO REQUESTS MADE BY THE COMMISSION. UPON LEARNING OF ITS DEFICIENT EBS EXECUTION TIME DATA, CITADEL IMMEDIATELY SUSPENDED ALL SUBMISSIONS, UNDERTOOK A COMPREHENSIVE INTERNAL REVIEW OF ITS EBS SYSTEM, AND ULTIMATELY BUILT A NEW

INTERNAL REVIEW OF ITS EBS SYSTEM, AND ULTIMATELY BUILT A NEW EBS REPORTING SYSTEM AND IMPLEMENTED NEW EBS POLICIES AND PROCEDURES. CITADEL SECURITIES RESUMED ALL EBS SUBMISSIONS IN THE SPRING OF 2018 AFTER CONFIRMING THAT IT RESPONDED TO ALL OUTSTANDING REQUESTS USING ITS NEW EBS TOOLS. AND CORRECTED

ALL KNOWN ISSUES THAT HAD CAUSED ITS EBS DEFICIENCIES.

Initiated By: U.S. SECURITIES AND EXCHANGE COMMISSION



Date Initiated: 12/10/2018

Docket/Case Number: **SEC FILE NO 3-18915**

Principal Product Type: Equity Listed (Common & Preferred Stock)

EQUITY OTC Other Product Type(s): Principal Sanction(s)/Relief

Sought:

Cease and Desist

Other Sanction(s)/Relief

Sought:

CENSURE AND CIVIL MONEY PENALTY

Resolution: Order

Resolution Date: 12/10/2018

Sanctions Ordered: Censure

> Monetary/Fine \$3,500,000.00 Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE ORDER PROHIBITS ANY FUTURE VIOLATIONS OF EXCHANGE ACT

> SECTION 17(A)(1), RULE 17A-4(J) AND RULE 17A-25. ADDITIONALLY, THE ORDER INCLUDES A CENSURE AND A CIVIL MONEY PENALTY OF \$3.5

MILLION, WHICH WAS PAID ON DECEMBER 10, 2018.

Firm Statement THE ALLEGATIONS, DISPOSITIONS, FINDINGS AND SANCTIONS ARE

DESCRIBED ABOVE IN ITEMS 7 AND 12. THE FINE WAS PAID ON

DECEMBER 10, 2018.

Disclosure 28 of 75

Regulator **Reporting Source: Current Status:** Final

Allegations: WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS,

CITADEL SECURITIES LLC ("CITADEL SECURITIES" OR THE "FIRM")

CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT CERTAIN ASSOCIATED PERSONS WITH THE FIRM'S DESIGNATED MARKET MAKER UNIT ("DMM" OR "DMM UNIT") USED UNAPPROVED CELLULAR WIRELESS DEVICES FROM THE NYSE EXCHANGE FLOOR (THE "NYSE FLOOR"). SPECIFICALLY, THE ASSOCIATED PERSONS USED THEIR

PERSONAL CELLULAR WIRELESS DEVICES FROM THE NYSE FLOOR THAT WERE NOT APPROVED BY THE EXCHANGE, TO, AMONG OTHER THINGS: SEND A LIMITED NUMBER OF TEXT MESSAGES WITH EACH OTHER. ONE OF THE CITADEL SECURITIES DMM UNIT ASSOCIATED PERSONS ALSO USED HIS CELLULAR WIRELESS DEVICE TO INITIATE COMMUNICATIONS



WITH AN EMPLOYEE AT ANOTHER DMM ON THE NYSE FLOOR - THEREBY

PROMPTING THAT EMPLOYEE TO VIOLATE NYSE RULE 36

(SUPPLEMENTARY MATERIAL .30 AND .30) AS WELL. THE CITADEL SECURITIES DMM EMPLOYEES USED THEIR PERSONAL CELLULAR DEVICES DESPITE THE FACT THAT EARLIER THAT DAY CITADEL SECURITIES COMPLIANCE PERSONNEL HELD AN IN-PERSON MEETING WITH ALL DMM UNIT EMPLOYEES COUNSELING THEM ON THEIR COMMUNICATIONS. CITADEL SECURITIES IS RESPONSIBLE FOR THE

CONDUCT OF ITS ASSOCIATED PERSONS.

THE FINDINGS STATED THAT ALTHOUGH CITADEL SECURITIES

PERFORMED A MONTHLY REVIEW OF DMM UNIT COMMUNICATIONS TO

ENSURE COMPLIANCE WITH, AMONG OTHER RULES, CERTAIN

PROVISIONS OF NYSE RULE 36, CITADEL SECURITIES' MONTHLY REVIEW DID NOT INCLUDE MONITORING SPECIFICALLY TO ENSURE ASSOCIATED PERSONS IN ITS DMM UNIT WERE NOT USING THEIR CELLULAR WIRELESS DEVICES FROM THE NYSE FLOOR. IN ADDITION, CITADEL SECURITIES FAILED TO REQUIRE MORE REGULAR OR FREQUENT CONFIRMATION OR ATTESTATION EITHER ON A ROUTINE OR SPOT-CHECK BASIS FROM ITS ASSOCIATED PERSONS THAT THEY ARE ACTING IN ACCORDANCE WITH SUPPLEMENTARY MATERIAL .30 AND .31 PROVIDED UNDER NYSE RULE 36.

NEW YORK STOCK EXCHANGE **Initiated By:**

Date Initiated: 09/17/2018

Docket/Case Number: 2018-01-00105

Principal Product Type: Other

Other Product Type(s): **UNSPECIFIED SECURITIES**

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 09/17/2018

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$65,000.00



Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$65,000.

Regulator Statement IN RESOLVING THIS MATTER, ENFORCEMENT TOOK INTO ACCOUNT

CITADEL SECURITIES' TIMELY COOPERATION AND TIMELY REMEDIATION.

PART OF THE REMEDIAL EFFORTS THAT CITADEL SECURITIES

UNDERTOOK WAS PROVIDING ADDITIONAL IN-PERSON TRAINING TO EMPLOYEES REGARDING THE FIRM'S POLICY FOR USE OF INFORMATION TECHNOLOGY SYSTEMS, AND IN PARTICULAR, THE PROHIBITION ON THE

USE OF NON-APPROVED COMMUNICATIONS SYSTEMS.

Reporting Source: Firm **Current Status:** Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING.

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT. AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL SECURITIES LLC STIPULATED THAT ON AUGUST 11, 2017, CERTAIN MEMBERS OF THE CITADEL SECURITIES NYSE DESIGNATED MARKET MAKER UNIT USED THEIR PERSONAL CELLULAR WIRELESS DEVICES ON THE NYSE FLOOR, WHICH WERE NOT APPROVED BY THE EXCHANGE, WHICH CONSTITUTES A VIOLATION OF NYSE ARCA RULE 36 AND NYSE

RULE 3110(A).

Initiated By: NYSE REGULATION

Date Initiated: 08/22/2018

Docket/Case Number: 2018-01-00105

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Censure

Sought:

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 09/17/2018

Sanctions Ordered: Censure

Monetary/Fine \$65,000.00

Other Sanctions Ordered:



Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE AND A \$65,000 FINE,

WHICH CITADEL SECURITIES PAID ON SEPTEMBER 19, 2018.

Firm Statement CITADEL SECURITIES ENTERED INTO AN OFFER OF SETTLEMENT AND

CONSENT WITH NYSE ARCA, WHICH THE NYSE ARCA HEARING OFFICER ACCEPTED ON SEPTEMBER 17, 2018. THE RELEVANT FINDINGS IN THE OFFER ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE

OFFER ARE DESCRIBED IN ITEM 12.C. THE FINE WAS PAID ON

SEPTEMBER 19, 2018.

Disclosure 29 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL: (I) TENDERED SHARES FOR THE PARTIAL TENDER OFFER IN

MNST IN EXCESS OF ITS NET LONG POSITION; (II) TENDERED SHARES FOR

THE PARTIAL TENDER OFFER IN LMT IN EXCESS OF ITS NET LONG POSITION; AND (III) FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ASSURE COMPLIANCE WITH RULE 14E-4, PROMULGATED UNDER THE EXCHANGE ACT. (VIOLATIONS OF

CBOE RULES 4.2, 4.24 AND RULE 14E-4 UNDER THE ACT)

Initiated By: CBOE EXCHANGE, INC.

Date Initiated: 03/22/2018

Docket/Case Number: 18-0009/ 20170546033 AND 20180574341

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Consent

Resolution Date: 04/25/2018

Sanctions Ordered: Censure

Monetary/Fine \$35,000.00 Disgorgement/Restitution

Other Sanctions Ordered: A DISGORGEMENT OF \$177,712

Sanction Details: A \$35,000 FINE, A CENSURE AND \$177,712 DISGORGEMENT.



Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL SECURITIES LLC STIPULATED THAT ON OR ABOUT JUNE 8, 2016 AND ON OR ABOUT AUGUST 16, 2016, CITADEL SECURITIES, TENDERED SHARES IN THE PARTIAL TENDER OFFERS OF TWO ISSUERS IN EXCESS OF ITS NET LONG POSITION, WHICH CONSTITUTE VIOLATIONS OF SEC RULE 14E-4

AND CBOE RULE 4.2

ADDITIONALLY, FROM IN OR ABOUT MAY 2016 THROUGH JANUARY 2017, CITADEL FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH SEC RULE

14E-4, WHICH CONSTITUTES A VIOLATION OF CBOE RULE 4.24.

Initiated By: CBOE EXCHANGE, INC

Date Initiated: 03/22/2018

Docket/Case Number: 18-0009

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE AND DISGORGEMENT

Resolution: Consent

Resolution Date: 04/25/2018

Sanctions Ordered: Censure

Monetary/Fine \$35,000.00 Disgorgement/Restitution

Other Sanctions Ordered: DISGORGEMENT OF \$177,712.00

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE, A \$35,000 FINE, AND

DISGORGEMENT OF \$177,712, BOTH OF WHICH WERE PAID ON MAY 4,

2018.

Firm Statement CITADEL SECURITIES SUBMITTED A CONSOLIDATED OFFER OF

SETTLEMENT AND LETTER OF CONSENT ON MARCH 22, 2018, WHICH THE



CBOE BUSINESS CONDUCT COMMITTEE ACCEPTED ON APRIL 25, 2018. THE RELEVANT FINDINGS IN THE OFFER ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE OFFER ARE DESCRIBED IN ITEM 12.C. THE FINE WAS PAID ON MAY 4, 2018.

Disclosure 30 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM

CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT SUBMITTED A CLEARLY ERRONEOUS EXECUTION PETITION WITHOUT A

FACTUAL BASIS FOR BELIEVING THAT THE TRADE WAS CLEARLY ERRONEOUS. THE FINDINGS STATED THAT ON BEHALF OF A CLIENT

ORDER, THE FIRM ENTERED A MARKET ORDER TO BUY 5,000 SHARES OF A SECURITY (THE "ORDER"), WHICH IMMEDIATELY EXECUTED ON A NUMBER

OF VENUES, INCLUDING THE EXCHANGE, AT PRICES RANGING FROM \$83.679 TO \$94.91. IN ADDITION, 1,500 SHARES OF THE ORDER WERE EXECUTED ON THE EXCHANGE AT PRICES RANGING FROM \$91.93 TO \$94.91. THE FIRM SUBMITTED A CLEARLY ERRONEOUS EXECUTION PETITION FOR THE PORTION OF THE ORDER EXECUTED ON THE EXCHANGE. THE FIRM DID SO ON THE BASIS OF A CLIENT REQUEST, WITHOUT BELIEF THAT THE ORDER CONTAINED AN ERROR IN THE TERMS

THE CLIENT PROVIDED. THE EXCHANGE DENIED THE PETITION.

Initiated By: NYSE ARCA, INC.

Date Initiated: 05/15/2018

Docket/Case Number: 2016-05-00075

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 05/15/2018



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or Nο

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$20,000.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL SECURITIES LLC STIPULATED THAT ON JUNE 28, 2016, CITADEL

SECURITIES SUBMITTED A CLEARLY ERRONEOUS PETITION ON NYSE ARCA AT THE REQUEST OF A CLIENT, WITHOUT A FACTUAL BASIS FOR BELIEVING THE TRADE WAS CLEARLY ERRONEOUS, WHICH CONSTITUTES

A VIOLATION OF NYSE ARCA RULE 11.1(B).

Initiated By: NYSE REGULATION

Date Initiated: 05/15/2018

Docket/Case Number: 2016-05-00075

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 05/15/2018

Sanctions Ordered: Censure

Monetary/Fine \$20,000.00

Other Sanctions Ordered:



Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE AND A \$20,000 FINE,

WHICH CITADEL SECURITIES PAID ON MAY 22, 2018.

Firm Statement CITADEL SECURITIES ENTERED INTO AN OFFER OF SETTLEMENT AND

CONSENT WITH NYSE ARCA, WHICH THE NYSE ARCA HEARING OFFICER ACCEPTED ON MAY 15, 2018. THE RELEVANT FINDINGS IN THE OFFER ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE OFFER ARE

DESCRIBED IN ITEM 12.C. THE FINE WAS PAID ON MAY 22, 2018.

Disclosure 31 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: IN MORE THAN 200,000 INSTANCES DURING THE PERIOD JULY 1, 2014

THROUGH SEPTEMBER 30, 2016 (THE REVIEW PERIOD), THE FIRM

VIOLATED NYSE ARCA EQUITIES RULE 7.23(A)(1)(B), BY FAILING TO ENTER AND MAINTAIN CONTINUOUS, TWO-SIDED TRADING INTEREST WITHIN THE DESIGNATED PERCENTAGE ABOVE AND BELOW THE NATIONAL BEST BID OFFER (NBBO) AS REQUIRED BY THE RULE. DURING PART OF THE REVIEW PERIOD, THE FIRM'S MARKET MARKER QUOTING SURVEILLANCES ONLY RAN FOUR TIMES PER DAY, FAILING TO IDENTIFY NUMEROUS POTENTIAL VIOLATIONS. GIVEN THE SPEED OF THE MARKET, REPORTS THAT ONLY RUN FOUR TIMES A DAY, BY THEIR VERY NATURE, ARE UNABLE TO ALERT

THE FIRM ABOUT OUTAGES QUICKLY ENOUGH FOR THEM TO BE CORRECTED IN A TIMELY MANNER. MOREOVER, THE FIRM'S REPORTS FAILED TO FLAG ISSUES IF THEY WERE RESOLVED BEFORE THE REPORTS RAN - ALLOWING ISSUES TO RECUR WITHOUT THE FIRM DETECTING

PATTERNS OF REPEATING PROBLEMS. ACCORDINGLY, THE FIRM

VIOLATED NYSE ARCA EQUITIES RULE 6.18(B) BECAUSE IT DID NOT HAVE A SYSTEM REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH NYSE ARCA EQUITIES RULE 7.23 DURING PART OF THE REVIEW PERIOD.

Initiated By: NYSE ARCA, INC.

Date Initiated: 10/13/2017

Docket/Case Number: 2016-07-1306

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other

Other Sanction(s)/Relief

Sought:

N/A



Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/13/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

Sanctions Ordered: Censure

Monetary/Fine \$80,000.00

Other Sanctions Ordered:

deceptive conduct?

Sanction Details: CITADEL SECURITIES LLC AND NYSE ARCA, INC. ENTERED INTO AN OFFER

OF SETTLEMENT AND CONSENT FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY

ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT. THE HEARING OFFICER ACCEPTS THE OFFER OF

SETTLEMENT AND CONSENT AND ISSUES THIS DECISION IN ACCORDANCE WITH NYSE ARCA RULES. THE FIRM IS CENSURED AND FINED \$80,000.

Reporting Source: Firm
Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL

SECURITIES LLC STIPULATED THAT, IN MULTIPLE NSTANCES DURING THE TIME PERIOD OF JULY 1, 2014 THROUGH SEPTEMBER 30, 2016, CITADEL SECURITIES FAILED TO MAINTAIN CONTINUOUS TWO-SIDED QUOTES WITHIN THE DESIGNATED PERCENTAGES OF THE NATIONAL BEST OR OFFER IN REGISTERED MARKET MAKER SECURITIES ON THE NYSE ARCA EQUITIES EXCHANGE, WHICH CONSTITUTED VIOLATIONS OF NYSE ARCA

RULE 7.23.

ADDITIONALLY, DURING THE REVIEW PERIOD, CITADEL SECURITIES

FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE ADEQUATE

SUPERVISORY SYSTEMS, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO COMPLY WITH NYSE ARCA MARKET MAKER CONTINUOUS QUOTING REQUIREMENTS, WHICH

CONSTITUTED A VIOLATION OF NYSE ARCA RULE 6.18(B).

Initiated By: NYSE ARCA



Date Initiated: 09/29/2017

Docket/Case Number: 2016-07-1306

Principal Product Type:

Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/13/2017

Sanctions Ordered: Censure

Monetary/Fine \$80,000.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE AND A FINE OF \$80,000.

WHICH WAS PAID ON OCTOBER 20, 2017.

Firm Statement CITADEL SECURITIES SUBMITTED A PROPOSED AWC ON SEPTEMBER 29.

2017, WHICH NYSE ARCA EXCHANGE ACCEPTED ON SEPTEMBER 29, 2017, AND FINALIZED AND RETURNED TO THE FIRM ON OCTOBER 13, 2017. THE

RELEVANT FINDINGS IN THE AWC ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE DESCRIBED IN ITEM 12.C. CITADEL SECURITIES PAID THE FINE ON OCTOBER 20, 2017.

Disclosure 32 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL: (I) ON NUMEROUS OCCASIONS, FAILED TO GRANT PRIORITY TO

THE HIGHEST BID AND/OR LOWEST OFFER WHEN SUCH BID OR OFFER WAS AVAILABLE; AND (II) ON NUMEROUS OCCASIONS, TRADED THROUGH THE NATIONAL BEST BID OR OFFER. (VIOLATION OF EXCHANGE RULES

6.45, 6.45A, 6.45B AND 6.81)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 04/06/2017

Docket/Case Number: 17-0037/ 20150467045

Principal Product Type: Options



Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 12/29/2017

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: A \$7,500 FINE AND A CENSURE.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDING, CITADEL

SECURITIES LLC STIPULATED THAT DURING THE TIME PÉRIOD FROM ON OR ABOUT FEBRUARY 2009 THROUGH ON OR ABOUT APRIL 2013, AND FROM ON OR ABOUT JUNE 2013 THROUGH SEPTEMBER 2017, CITADEL SECURITIES LLC, IN THE CAPACITY OF A MARKET MAKER ON THE CBOE FLOOR, WAS PARTY TO TRANSACTIONS THAT FAILED TO GRANT PRIORITY TO THE HIGHEST BID OR LOWEST OFFER WHEN SUCH BID OR OFFER WAS AVAILABLE, WHICH CONSTITUTES A VIOLATION OF CBOE RULES 6.45, 6.45A

AND 6.45B.

ADDITIONALLY, FROM ON OR ABOUT JANUARY 2015 THROUGH ON OR ABOUT SEPTEMBER 2017, CITADEL SECURITIES, WHILE ACTING IN THE SAME CAPACITY, WAS PARTY TO TRANSACTIONS THAT TRADED THROUGH THE NATIONAL BEST BID OR OFFER, WHICH CONSTITUTES A VIOLATION

OF CBOE RULE 6.81.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 12/04/2017

Docket/Case Number: 20150439286; 20150467045; 20170528152

Principal Product Type: Options

Other Product Type(s):



Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Consent

Resolution Date: 12/29/2017

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE, AND A \$7,500 FINE,

WHICH WAS PAID ON JANUARY 2, 2018.

Firm Statement CITADEL SECURITIES SUBMITTED A CONSOLIDATED OFFER OF

SETTLEMENT AND LETTER OF CONSENT ON DECEMBER 4, 2017, WHICH THE CBOE BUSINESS CONDUCT COMMITTEE ACCEPTED ON DECEMBER 29, 2017. THE RELEVANT FINDINGS IN THE OFFER ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE OFFER ARE DESCRIBED IN

ITEM 12.C. THE FINE WAS PAID ON JANUARY 2, 2018.

Disclosure 33 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ON APPROXIMATELY 251 OCCASIONS, THE FIRM HAD SUBSTANTIAL AND CONTINUED FAILURES TO MAINTAIN ITS CONTINUOUS TWO-SIDED QUOTATION OBLIGATION IN SECURITIES IN WHICH IT HAD BEEN

REGISTERED AS A MARKET MAKER.

THE FINDINGS STATED THAT THE FIRM'S FAILURES RESULTED FROM ISSUES WITH TICKER OR CUSIP CHANGES, MARKET DATA PROBLEMS WITH A TICKER, INTERNAL MAPPING ISSUES, ITS FAILURE TO RECOGNIZE THAT THE FIRM HAD BEEN REGISTERED AS A MARKET MAKER FOR A PARTICULAR SECURITY AND ITS INADVERTENT DELETION OF QUOTES. THE FIRM FAILED TO MAINTAIN ITS CONTINUOUS TWO-SIDED QUOTATION OBLIGATION IN MULTIPLE SYMBOLS ON MULTIPLE DATES DURING THE REVIEW PERIOD AND, ON ONE DATE (JANUARY 4, 2013), FAILED TO MAINTAIN ITS CONTINUOUS TWO-SIDED QUOTATION OBLIGATION IN ALL OF THE SYMBOLS IN WHICH IT WAS REGISTERED AS A MARKET MAKER AS A RESULT OF AN INTERNAL PROCESS FAILURE. THE FIRM ALSO HAD



CONTINUED FAILURES TO MAINTAIN CONTINUOUS TWO-SIDED QUOTATION OBLIGATION IN 13 INSTANCES DURING THE REVIEW PERIOD.

THE FINDINGS ALSO STATED THAT DURING THE REVIEW PERIOD, THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE SUPERVISORY SYSTEMS, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO COMPLY WITH MARKET MAKER CONTINUOUS QUOTING REQUIREMENTS ON BYX. SPECIFICALLY, THE FIRM LACKED ADEQUATE PROCEDURES: (I) TO PROPERLY QUOTE A SECURITY AFTER A CORPORATE ACTION, SUCH AS TICKER, CUSIP OR LISTING EXCHANGE CHANGE; (II) TO CHARACTERIZE SECURITIES IN THE CORRECT QUOTING TIER; AND (III) TO MANAGE SYSTEM ISSUES WHICH, ON OCCASION, RESULTED IN INADVERTENTLY DROPPING SYMBOLS FROM THE FIRM'S REGISTRATION LIST.

Initiated By: BATS BYX EXCHANGE, INC.

Date Initiated: 06/01/2017

Docket/Case Number: 2014042371402

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/29/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered: Censure

Monetary/Fine \$12,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED AND FINED \$12,500. AN UNDERTAKING TO

REVISE ITS SUPERVISORY SYSTEMS AND WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC AND PROVIDE INFORMATION OF THE DATE ON WHICH THE REVISED



SYSTEMS AND PROCEDURES WERE IMPLEMENTED.

PURSUANT TO BYX RULE 8.8, THE DECISION IN THIS MATTER IS FINAL 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION. THEREFORE,

THIS AWC BECAME FINAL JUNE 29, 2017.

Regulator Statement STAR NO. 20140423714 (INCLUDES STAR NOS. 20140437627 AND

20150451801)

Reporting Source: Firm **Current Status:** Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING.

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC STIPULATED THAT, IN TWO HUNDRED AND FIFTY ONE INSTANCES DURING THE TIME OF MAY 2012 THROUGH JANUARY 2015. CITADEL SECURITIES FAILED TO MAINTAIN CONTINUOUS TWO-SIDED QUOTES IN REGISTERED MARKET MAKER SECURITIES ON THE BATS BYX EXCHANGE, WHICH CONSTITUTED SEPARATE AND DISTINCT VIOLATIONS

OF BYX RULE 11.81.

ADDITIONALLY, DURING THE REVIEW PERIOD, CITADEL SECURITIES

FAILED TO ESTABLISH. MAINTAIN. AND ENFORCE ADEQUATE

SUPERVISORY SYSTEMS, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO COMPLY WITH BYX MARKET MAKER CONTINUOUS QUOTING REQUIREMENTS. WHICH CONSTITUTED

VIOLATIONS OF BYX RULES 3.1 AND 5.1.

Initiated By: BATS BYX EXCHANGE, INC

Date Initiated: 05/22/2017

Docket/Case Number: 20140423714-02

Equity Listed (Common & Preferred Stock) **Principal Product Type:**

Other Product Type(s):

Principal Sanction(s)/Relief Censure

Sought:

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/01/2017

Sanctions Ordered: Censure



Monetary/Fine \$12,500.00

Other Sanctions Ordered: UNDERTAKING TO ACKNOWLEDGE THE FIRM'S SUPERVISORY SYSTEMS

AND WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE

DEFICIENCIES WERE IMPLEMENTED

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE; A FINE OF \$12,500,

THAT WAS PAID ON JUNE 9, 2017; AND AN UNDERTAKING TO ACKNOWLEDGE ITS SUPERVISORY SYSTEMS AND WRITTEN

SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES WERE

IMPLEMENTED.

Firm Statement CITADEL SECURITIES SUBMITTED A PROPOSED AWC ON MAY 22, 2017,

WHICH BATS BYX EXCHANGE ACCEPTED ON MAY 30, 2017, AND

RETURNED TO THE FIRM ON JUNE 1, 2017. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE DESCRIBED IN ITEM 12.C. CITADEL SECURITIES PAID THE FINE

ON JUNE 9, 2017.

Disclosure 34 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ON APPROXIMATELY 311 OCCASIONS, THE FIRM HAD SUBSTANTIAL AND CONTINUED FAILURES TO MAINTAIN ITS CONTINUOUS TWO-SIDED QUOTATION OBLIGATION IN SECURITIES IN WHICH IT HAD BEEN

REGISTERED AS A MARKET MAKER.

THE FINDINGS STATED THAT THE FIRM'S FAILURES RESULTED FROM ISSUES WITH TICKER OR CUSIP CHANGES, MARKET DATA PROBLEMS WITH A TICKER, INTERNAL MAPPING ISSUES, ITS FAILURE TO RECOGNIZE THAT THE FIRM HAD BEEN REGISTERED AS A MARKET MAKER FOR A PARTICULAR SECURITY AND ITS INADVERTENT DELETION OF QUOTES. THE FIRM FAILED TO MAINTAIN ITS CONTINUOUS TWO-SIDED QUOTATION OBLIGATION IN MULTIPLE SYMBOLS ON MULTIPLE DATES DURING THE REVIEW PERIOD AND, ON ONE DATE (JANUARY 4, 2013), FAILED TO MAINTAIN ITS CONTINUOUS TWO-SIDED QUOTATION OBLIGATION IN ALL OF THE SYMBOLS IN WHICH IT WAS REGISTERED AS A MARKET MAKER AS A RESULT OF AN INTERNAL PROCESS FAILURE. THE FIRM ALSO HAD

CONTINUED FAILURES TO MAINTAIN CONTINUOUS TWO-SIDED

QUOTATION OBLIGATION IN 13 INSTANCES DURING THE REVIEW PERIOD.

THE FINDINGS ALSO STATED THAT DURING THE REVIEW PERIOD, THE



FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE SUPERVISORY SYSTEMS, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO COMPLY WITH MARKET MAKER CONTINUOUS QUOTING REQUIREMENTS ON BZX. SPECIFICALLY, THE FIRM LACKED ADEQUATE PROCEDURES: (I) TO PROPERLY QUOTE A SECURITY AFTER A CORPORATE ACTION, SUCH AS TICKER, CUSIP OR LISTING EXCHANGE CHANGE; (II) TO CHARACTERIZE SECURITIES IN THE

CORRECT QUOTING TIER; AND (III) TO MANAGE SYSTEM ISSUES WHICH,

ON OCCASION, RESULTED IN INADVERTENTLY DROPPING SYMBOLS FROM THE FIRM'S REGISTRATION LIST.

Initiated By: BATS BZX EXCHANGE, INC.

Date Initiated: 06/01/2017

Docket/Case Number: 2014042371401

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/29/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

No

Sanctions Ordered:

deceptive conduct?

Censure

Monetary/Fine \$17,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED AND FINED \$17,500. AN UNDERTAKING TO

REVISE ITS SUPERVISORY SYSTEMS AND WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC AND PROVIDE INFORMATION OF THE DATE ON WHICH THE REVISED

SYSTEMS AND PROCEDURES WERE IMPLEMENTED.

PURSUANT TO BZX RULE 8.8, THE DECISION IN THIS MATTER IS FINAL 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION. THEREFORE,

THIS AWC BECAME FINAL JUNE 29, 2017.



Regulator Statement STAR NO. 20140423714 (INCLUDES STAR NOS. 20140437627 AND

20150451801)

Reporting Source: Firm **Current Status:** Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING.

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC STIPULATED THAT, IN THREE HUNDRED AND ELEVEN INSTANCES DURING THE TIME OF MAY 2012 THROUGH JANUARY 2015. CITADEL SECURITIES FAILED TO MAINTAIN CONTINUOUS TWO-SIDED QUOTES IN REGISTERED MARKET MAKER SECURITIES ON THE BATS BZX EXCHANGE, WHICH CONSTITUTED SEPARATE AND DISTINCT VIOLATIONS

OF BZX RULE 11.81.

ADDITIONALLY, DURING THE REVIEW PERIOD, CITADEL SECURITIES

FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE ADEQUATE

SUPERVISORY SYSTEMS, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES. REASONABLY DESIGNED TO COMPLY WITH BZX MARKET MAKER CONTINUOUS QUOTING REQUIREMENTS, WHICH CONSTITUTED

VIOLATIONS OF BZX RULES 3.1 AND 5.1.

Initiated By: BATS BZX EXCHANGE, INC

Date Initiated: 05/22/2017

Docket/Case Number: 20140423714-01

Equity Listed (Common & Preferred Stock) **Principal Product Type:**

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

06/01/2017 Resolution Date:

Sanctions Ordered: Censure

Monetary/Fine \$17,500.00

Other Sanctions Ordered: UNDERTAKING TO ACKNOWLEDGE THE FIRM"S SUPERVISORY SYSTEMS

AND WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE

DEFICIENCIES WERE IMPLEMENTED



Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE; A FINE OF \$17,500,

THAT WAS PAID ON JUNE 9, 2017; AND AN UNDERTAKING TO

ACKNOWLEDGE THE FIRM"S SUPERVISORY SYSTEMS AND WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES WERE

IMPLEMENTED.

Firm Statement CITADEL SECURITIES SUBMITTED A PROPOSED AWC ON MAY 22, 2017,

WHICH BATS BZX EXCHANGE ACCEPTED ON MAY 30, 2017, AND

RETURNED TO THE FIRM ON JUNE 1, 2017. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE DESCRIBED IN ITEM 12.C. CITADEL SECURITIES PAID THE FINE

ON JUNE 9, 2017.

Disclosure 35 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS IN SIX INSTANCES, THE FIRM PUBLISHED A QUOTATION FOR AN OVER-THE-COUNTER (OTC) EQUITY SECURITY OR NON-EXCHANGE-LISTED SECURITY, OR, DIRECTLY OR INDIRECTLY, SUBMITTED SUCH QUOTATION FOR PUBLICATION, IN A QUOTATION MEDIUM, OTC LINK, WITHOUT: HAVING IN ITS RECORDS THE DOCUMENTATION AND INFORMATION REQUIRED BY SEC RULE 15C2-11(A) AND (B); AND HAVING A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE INFORMATION REQUIRED BY SEC RULE 15C2-11(A) WAS ACCURATE IN ALL MATERIAL RESPECTS AND THE SOURCES OF

SUCH INFORMATION WERE RELIABLE OR AVAILING ITSELF OF AN APPLICABLE EXCEPTION TO SEC RULE 15C2-11. THE FINDINGS STATED THAT FOR EACH QUOTATION DESCRIBED ABOVE, THE FIRM FAILED TO FILE A FORM 211 WITH FINRA AT LEAST THREE BUSINESS DAYS BEFORE THE QUOTATION WAS PUBLISHED OR DISPLAYED IN A QUOTATION

MEDIUM.

Initiated By: FINRA

Date Initiated: 04/07/2017

Docket/Case Number: 2015046927801

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:



Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/07/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$7,500. FINES PAID IN FULL ON

4/12/17.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC STIPULATED THAT, IN SIX INSTANCES DURING THE TIME OF JANUARY 2, 2014 THROUGH JUNE 30, 2015, CITADEL SECURITIES

PUBLISHED QUOTATIONS FOR AN OTC EQUITY SECURITY OR NON-

EXCHANGE LISTED SECURITY, OR DIRECTLY OR INDIRECTLY, SUBMITTED A QUOTATION FOR PUBLICATION IN OTC LINK WITHOUT (I) HAVING IN ITS RECORDS THE DOCUMENTATION AND INFORMATION REQUIRED BY SEC RULE 15C2-11(A) AND (B); AND (II) HAVING A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE INFORMATION REQUIRED BY SEC RULE 15C2-11(A) WAS ACCURATE AND THE SOURCES OF SUCH INFORMATION WERE RELIABLE OR AVAILING ITSELF OF AN APPLICABLE EXCEPTION TO SEC RULE 15C2-11, WHICH CONSTITUTED A VIOLATION OF

SEC RULE 15C2-11 AND FINRA RULE 2010.

ADDITIONALLY, IN EACH OF THE SIX INSTANCES THE FIRM FAILED TO FILE A FORM 211 WITH FINRA AT LEAST THREE BUSINESS DAYS BEFORE THE QUOTATIONS WERE PUBLISHED, WHICH CONSTITUTED VIOLATIONS OF

FINRA RULES 6432 AND 2010.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY



Date Initiated: 03/24/2017

Docket/Case Number: 20150469278-01

Principal Product Type:

Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/07/2017

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE; AND A \$7,500 FINE,

WHICH WAS PAID ON APRIL 12, 2017.

Firm Statement CITADEL SECURITIES SUBMITTED A PROPOSED AWC ON MARCH 24, 2017,

WHICH FINRA ACCEPTED AND RETURNED TO THE FIRM ON APRIL 7, 2017. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE DESCRIBED IN ITEM 12.C. THE

FINE WAS PAID ON APRIL 12, 2017.

Disclosure 36 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM SUBMITTED MULTIPLE REQUESTS FOR RESPONSES (RFR) AT THE SAME PRICE THAT IN THE AGGREGATE EXCEEDED THE SIZE OF THE CUSTOMER

BEST EXECUTION (CUBE) AUCTION ORDER ON 12,535 OCCASIONS.

THE FINDINGS STATED THE ACTIVITY WAS SYSTEMATICALLY GENERATED

BY THE FIRM'S OPTIONS MARKET MAKING ("OMM") DESK TRADING

SYSTEM IN RESPONSE TO CUBE RFR MESSAGES DISSEMINATED BY NYSE MKT. UPON RECEIPT OF AN RFR MESSAGE, THE FIRM'S OPTIONS MARKET MAKING (OMM) DESK TRADING SYSTEM GENERATED AN RFR RESPONSE BASED ON THE RISK NEEDS OF THE OMM DESK PORTFOLIO. BECAUSE THE FIRM'S OMM DESK TRADING SYSTEM EMPLOYED TWO DIFFERENT RISK MANAGERS DURING THE RELEVANT PERIOD, ON OCCASIONS



WHERE BOTH RISK MANAGERS GENERATED RESPONSES TO A CUBE ORDER, THE OMM DESK TRADING SYSTEM SENT MULTIPLE RFR RESPONSES AT THE SAME PRICE POINT THAT IN THE AGGREGATE EXCEEDED THE CUBE ORDER SIZE.

THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO CREATE AND IMPLEMENT SUPERVISORY CONTROLS AND REVIEWS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE LAWS AND RULES. THE FIRM DID NOT HAVE ADEQUATE SUPERVISORY CONTROLS OR REVIEWS IN PLACE AND ITS WSPS WERE INADEQUATE. THE FIRM'S WSPS THAT WERE IN PLACE DURING THE RELEVANT PERIOD DID NOT INCLUDE ANY REPORT OR REVIEW FOR INSTANCES WHERE THE OMM DESK SENT MULTIPLE RFR RESPONSES TO A CUBE AUCTION THAT IN THE AGGREGATE EXCEEDED THE CUBE ORDER SIZE. AS A RESULT, CITADEL DID NOT HAVE A SYSTEM IN PLACE THAT WAS REASONABLY DESIGNED TO DETECT AND PREVENT THE SUBMISSION OF MULTIPLE RFR RESPONSES BY THE OMM DESK DURING THE RELEVANT PERIOD.

Initiated By: NYSE MKT LLC

Date Initiated: 01/26/2017

Docket/Case Number: 20160900018

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Nο

Options

Resolution Date: 01/26/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$30,000.



Reporting Source: Firm

Current Status: Final

Allegations: ON JANUARY 26, 2017, CITADEL SECURITIES LLC ("CITADEL") ENTERED

INTO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT (THE "AWC") WITH NYSE REGULATION. THE AWC FOUND THAT CITADEL SUBMITTED MULTIPLE RESPONSES, AT THE SAME PRICE, TO NYSE MKT CUBE AUCTIONS THAT IN AGGREGATE EXCEEDED THE CUBE ORDER SIZE, DURING THE SPECIFIED REVIEW PERIODS IN VIOLATION OF NYSE MKT RULES 971.1NY AND 476(A)(6). THE AWC ALSO FOUND THAT CITADEL'S SUPERVISORY SYSTEM FAILED TO REVIEW FOR INSTANCES OF THE FIRM SENDING MULPTILE CUBE RESPONSES AT THE SAME PRICE THAT IN AGGREGATE EXCEEDED THE CUBE ORDER SIZE, VIOLATING NYSE MKT

RULE 320(E).

Initiated By: NYSE REGULATION

Date Initiated: 01/26/2017

Docket/Case Number: 2016-09-00018

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/21/2017

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: THE AWC CENSURED CITADEL AND REQUIRED IT TO PAY A FINE OF

\$30,000. CITADEL PAID THE FINE IN FULL VIA WIRE ON 02/27/2017.

Firm Statement SOLELY FOR THE PURPOSE OF SETTLING THESE PROCEEDINGS, CITADEL

ENTERED INTO THE AWC WITHOUT ADMITTING OR DENYING THE

FINDINGS REFERRED TO IN THE AWC. THE ALLEGATIONS, DISPOSITIONS, FINDINGS AND SANCTIONS ARE DESCRIBED ABOVE IN ITEMS 7 AND 12.

CITADEL PAID THE FINE IN FULL VIA WIRE ON 02/27/2017.



Disclosure 37 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: SEC ADMIN RELEASES 33-10280, 34-79790 / JANUARY 13, 2017: THE

SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT

APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC

ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES

ACT OF 1933 ("SECURITIES ACT") AND SECTION 15(B) OF THE SECURITIES

EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST CITADEL

SECURITIES LLC ("CITADEL SECURITIES" OR "RESPONDENT"). ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION

FINDS THAT THIS PROCEEDING CONCERNS CERTAIN OF CITADEL

SECURITIES' OPERATIONS AS CITADEL EXECUTION SERVICES ("CES"), A WHOLESALE MARKET MAKER, AND STATEMENTS THAT CES MADE TO

CERTAIN OF ITS RETAIL BROKER-DEALER CLIENTS FROM LATE 2007 THROUGH JANUARY 2010 (THE "RELEVANT PERIOD") ABOUT ITS HANDLING

OF MARKETABLE ORDERS. THE STATEMENTS WERE MISLEADING BECAUSE OF THE MANNER IN WHICH TWO CES ALGORITHMS USED

VARIOUS MARKET DATA FEEDS. CES HAS SINCE DISCONTINUED THESE

TWO ALGORITHMS. CES RECEIVED MARKET DATA FROM (1) THE CONSOLIDATED PUBLIC FEEDS (KNOWN AS "SIP" FEEDS FOR THE

SECURITIES INFORMATION PROCESSORS THAT TRANSMIT THEM4) AND (2) SEVERAL DATA FEEDS SENT DIRECTLY BY INDIVIDUAL STOCK EXCHANGES

(KNOWN AS "DIRECT FEEDS").

THE SIPS DISSEMINATE THE BEST-PRICED, ROUND LOT QUOTATIONS (I.E. QUOTATIONS IN INCREMENTS OF AT LEAST 100 SHARES) FROM EACH EXCHANGE AND CALCULATE AND IDENTIFY THE NATIONAL BEST BID ("NBB") AND NATIONAL BEST OFFER ("NBO") (COLLECTIVELY THE "NBBO") FROM AMONG THOSE QUOTATIONS.5 THE SIPS DO NOT DISSEMINATE ODD LOT QUOTATIONS (I.E., QUOTATIONS FOR LESS THAN 100 SHARES). THE SIPS ALSO DISTRIBUTE EXECUTION DATA VIA A SEPARATE FEED. CERTAIN DIRECT FEEDS INCLUDE INFORMATION ABOUT ALL DISPLAYED QUOTATIONS, EXECUTIONS, AND CANCELLATIONS ON THE RELEVANT EXCHANGE, AND OFTEN CONVEY THIS INFORMATION BY SENDING MESSAGES REGARDING EACH CHANGE TO THE ORDER BOOK (EACH NEW DISPLAYED ORDER, EACH CANCELLED ORDER, EACH EXECUTION, ETC.). THESE DATA FEEDS ARE KNOWN AS "DEPTH OF BOOK" FEEDS BECAUSE THEY INCLUDE INFORMATION ABOUT THE FULL DISPLAYED LIMIT ORDER BOOK OF THE EXCHANGE. THERE ARE VARIOUS REASONS WHY THE SIP NBBO MAY DIFFER FROM THE BEST OVERALL PRICES DETERMINED FROM CONSTRUCTING AND CONSOLIDATING A SET OF DEPTH OF BOOK FEEDS,



INCLUDING THAT THE MARKET DATA IN THE DEPTH OF BOOK FEEDS IS RECEIVED SOONER BY MARKET PARTICIPANTS AND INCLUDES ODD LOTS. CES USED ALGORITHMIC STRATEGIES IN HANDLING MARKETABLE ORDERS. THESE ALGORITHMS GENERALLY USED INFORMATION FROM THE DEPTH OF BOOK FEEDS TO INFORM CES'S VIEW OF MARKET CONDITIONS WHICH, IN TURN, OFTEN INFORMED DECISIONS REGARDING ORDER HANDLING. WHEN IT INTERNALIZED SHARES, CES EXECUTED THOSE SHARES AT THE SIP NBBO AT THE TIME OF EXECUTION OR BETTER. TWO OF THE ALGORITHMIC STRATEGIES, (FASTFILL AND SMARTPROVIDE), CES USED TO HANDLE MARKETABLE ORDERS WERE TRIGGERED WHEN DIFFERENCES EXISTED BETWEEN THE SIP NBB OR NBO, AS APPLICABLE, AND THE BEST PRICES (I.E., BEST BID OR BEST OR OFFER, AS APPLICABLE) FROM ONE OR MORE DEPTH OF BOOK FEEDS. DURING THE RELEVANT PERIOD, CES PROVIDED A WRITTEN DISCLOSURE TO CERTAIN OF ITS RETAIL BROKER-DEALER CLIENTS THAT DESCRIBED A MARKET ORDER AS AN "[O]RDER TO BUY (SELL) AT THE BEST OFFER (BID) CURRENTLY AVAILABLE IN THE MARKETPLACE," AND MADE OTHER, SIMILAR REPRESENTATIONS TO ITS CLIENTS. THESE STATEMENTS WERE MATERIALLY MISLEADING IN LIGHT OF THE WAY FASTFILL AND SMARTPROVIDE FUNCTIONED. THE STATEMENTS SUGGESTED THAT CES WOULD EITHER INTERNALIZE A MARKETABLE ORDER AT, OR SEEK TO OBTAIN FOR THAT ORDER THROUGH ROUTING, THE BEST PRICE FOR THAT ORDER THAT CES OBSERVED ON THE VARIOUS MARKET DATA FEEDS IT REFERENCED, WHICH FASTFILL AND SMARTPROVIDE DID NOT DO. AS A RESULT OF ITS CONDUCT, CITADEL SECURITIES WILLFULLY VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 01/13/2017

Docket/Case Number: 3-17772

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Cease and Desist

Other Sanction(s)/Relief

Sought:

Resolution: Order

Resolution Date: 01/13/2017



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Nο

Sanctions Ordered: Censure

Monetary/Fine \$16,000,000.00 Disgorgement/Restitution Cease and Desist/Injunction

Other Sanctions Ordered: PREJUDGMENT INTEREST

Sanction Details: RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR

CAUSING ANY VIOLATION AND ANY FUTURE VIOLATION OF SECTION 17(A)(2) OF THE SECURITIES ACT; IS CENSURED; SHALL, WITHIN 14 DAYS OF THE ENTRY OF THIS ORDER, PAY DISGORGEMENT OF \$5,200,000, PREJUDGMENT INTEREST OF \$1,465,268, AND A CIVIL MONEY PENALTY OF

\$16,000,000.

Regulator Statement IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS,

RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE OFFER)

WHICH THE COMMISSION HAS DETERMINED TO ACCEPT.

IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN THE RESPONDENT'S OFFER. ACCORDINGLY, IT IS HEREBY ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATION AND ANY FUTURE VIOLATION OF SECTION 17(A)(2) OF THE SECURITIES ACT; IS CENSURED; SHALL, WITHIN 14 DAYS OF THE ENTRY OF THIS ORDER, PAY DISGORGEMENT OF \$5,200,000, PREJUDGMENT INTEREST OF \$1,465,268, AND A CIVIL MONEY PENALTY OF

\$16.000.000.

Reporting Source: Firm

Current Status: Final

Allegations: ON JANUARY 13, 2017, CITADEL SECURITIES LLC ("CITADEL SECURITIES")

ENTERED INTO A SETTLEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") UNDER WHICH CITADEL SECURITIES CONSENTED TO

THE ENTRY OF AN ORDER (THE "ORDER") FINDING A VIOLATION OF SECTION 17(A)(2) OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"). THE ORDER CONCERNS THE OPERATIONS OF CITADEL EXECUTION SERVICES ("CES"), A WHOLESALE MARKET MAKER, AND STATEMENTS THAT CES MADE TO CERTAIN OF ITS RETAIL BROKER-DEALER CLIENTS FROM LATE 2007 THROUGH JANUARY 2010 ABOUT ITS HANDLING OF



MARKETABLE ORDERS. THE ORDER FINDS THAT THE STATEMENTS WERE

MISLEADING IN CONNECTION WITH TWO CES ALGORITHMS THAT HANDLED APPROXIMATELY 0.6% OF CES'S OVERALL ORDER FLOW BETWEEN JUNE 2008 AND JANUARY 2010 THAT USED VARIOUS MARKET DATA FEEDS. CES HAS SINCE DISCONTINUED THESE TWO ALGORITHMS.

Initiated By: U.S. SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 01/13/2017

Docket/Case Number: SEC FILE NO. 3-17772

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Cease and Desist

Other Sanction(s)/Relief

Sought:

CENSURE, DISGORGEMENT, PREJUDGMENT INTEREST, AND CIVIL MONEY

PENALTY.

Resolution: Settled

Resolution Date: 01/13/2017

Sanctions Ordered: Monetary/Fine \$22,668,268.00

Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE ORDER PROHIBITS ANY FUTURE VIOLATIONS OF SECURITIES ACT

SECTION 17(A)(2). ADDITIONALLY, THE ORDER INCLUDES A CENSURE, DISGORGEMENT OF \$5,200,000, PREJUDGMENT INTEREST OF \$1,465,268, AND A CIVIL MONEY PENALTY OF \$16,000,000, WHICH WAS PAID ON

JANUARY 18, 2017.

Firm Statement SOLELY FOR THE PURPOSE OF SETTLING THESE PROCEEDINGS, CITADEL

SECURITIES ENTERED INTO THE ORDER WITHOUT ADMITTING OR DENYING THE FINDINGS REFERRED TO IN THE ORDER. THE ALLEGATIONS, DISPOSITIONS, FINDINGS AND SANCTIONS ARE

DESCRIBED ABOVE IN ITEMS 7 AND 12.

Disclosure 38 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO



TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT

TRAIL SYSTEM (OATS) ON BUSINESS DAYS FOR ONE MARKET

PARTICIPANT IDENTIFIER (MPID) WHICH RESULTED FROM THE FIRM'S FAILURE TO REPORT INTERFIRM ROUTE REPORTS TO OATS FOR ORDERS ROUTED TO THE FIRM'S INTERNAL ALTERNATIVE TRADING SYSTEM. THE FINDINGS STATED THAT THE FIRM FAILED TO TRANSMIT ROES TO OATS ON BUSINESS DAYS FOR A SEPARATE MPID WHICH RESULTED FROM THE FIRM NOT REPORTING IMMEDIATE OR CANCEL ORDERS TO OATS FOR ORDERS THAT WERE ROUTED TO AN EXCHANGE, AND FOR WHICH THE FIRM DID NOT RECEIVE REJECTION NOTIFICATIONS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING OATS. SPECIFICALLY, THE FIRM FAILED TO COMPARE THE ACCEPTED OATS DATA TO THE FIRM'S BOOKS AND

RECORDS TO ENSURE ALL ROES WERE SUBMITTED.

Initiated By: FINRA

Date Initiated: 01/05/2017

Docket/Case Number: 2014042469001

Principal Product Type: Other

Other Product Type(s): **UNSPECIFIED SECURITIES**

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/05/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Nο

Sanctions Ordered: Censure

Monetary/Fine \$325,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$325,000. FINE PAID IN FULL ON

FEBRUARY 6, 2017.



Reporting Source: Firm **Current Status:** Final

Allegations: ON JANUARY 5, 2017, CITADEL SECURITIES LLC ("CITADEL") ENTERED INTO

> A LETTER OF ACCEPTANCE, WAIVER AND CONSENT (THE "AWC") WITH FINRA. THE AWC FOUND THAT CITADEL FAILED TO TRANSMIT TO OATS NUMEROUS REPORTABLE ORDER EVENTS IN TWO SEPARATE MPIDS DURING THE SPECIFIED REVIEW PERIODS IN VIOLATION OF FINRA RULE 7450. THE AWC ALSO FOUND THAT CITADEL'S SUPERVISORY SYSTEM FAILED TO COMPARE THE ACCEPTED OATS DATA TO THE FIRM'S BOOKS AND RECORDS CONSTITUTING A VIOLATION OF FINRA RULE 2010, NASD

RULE 3010, AND FINRA RULE 3110.

Initiated By: **FINRA**

Date Initiated: 01/05/2017

Docket/Case Number: 20140424690-01

Equity Listed (Common & Preferred Stock) **Principal Product Type:**

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/05/2017

Sanctions Ordered: Censure

Monetary/Fine \$325,000.00

Other Sanctions Ordered:

Sanction Details: THE AWC CENSURED CITADEL, REQUIRED IT TO PAY A FINE OF \$325,000

> (\$250,000 FOR OATS VIOLATIONS AND \$75,000 FOR THE SUPERVISORY VIOLATIONS). THE PAYMENT WILL BE MADE UPON RECEIPT OF THE

> INVOICE FROM FINRA. CITADEL PAID FINE IN FULL VIA WIRE ON 02/06/2017.

Firm Statement SOLELY FOR THE PURPOSE OF SETTLING THESE PROCEEDINGS, CITADEL

ENTERED INTO THE AWC WITHOUT ADMITTING OR DENYING THE

FINDINGS REFERRED TO IN THE AWC. THE ALLEGATIONS. DISPOSITIONS. FINDINGS AND SANCTIONS ARE DESCRIBED ABOVE IN ITEMS 7 AND 12.

CITADEL PAID FINE IN FULL VIA WIRE ON 02/06/2017.



Disclosure 39 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM'S ON-OPEN STRATEGY. IN CERTAIN INSTANCES. TRADED A HIGH

CONCENTRATION OF VOLUME CLOSE TO THE OPEN, BUT WITHOUT DUE CARE AS TO THE IMPACT OF ITS TRADING ON THE NASDAQ'S OFFICIAL

OPENING PRICE (NOOP).

THE FINDINGS STATED THAT THE FIRM'S CONDUCT RESULTED IN THE FIRM'S FAILURE TO MEET STANDARDS OF PROFESSIONAL CONDUCT. THE ASSOCIATED PERSON WHO DEVELOPED THE ON-OPEN STRATEGY AND HIS SUPERIOR STATED THAT ITS TRADING WAS DESIGNED TO HAVE MINIMAL IMPACT ON THE PRICES OF THE SECURITIES IN WHICH IT TRADED. IN CERTAIN INSTANCES, HOWEVER, FOR THE SECURITIES IN WHICH THE ON-OPEN STRATEGY WAS UTILIZED, IT TRADED A HIGH CONCENTRATION OF THE VOLUME CLOSE TO THE OPEN, WHICH UNDULY IMPACTED OR HAD THE POTENTIAL TO UNDULY IMPACT THE CONTINUOUS BOOK PRICE OF THE SECURITY AS WELL AS THE NOOP.

THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISION OF THE DEVELOPMENT, TESTING, IMPLEMENTATION, AND OPERATION OF THE ON-OPEN STRATEGY WAS DEFICIENT. NO REGISTERED PERSON AT THE FIRM WAS RESPONSIBLE FOR DESIGNING, TESTING, OR APPROVING THE ON-OPEN STRATEGY, INCLUDING ITS TRADING PARAMETERS, OR FOR APPROVING REVISIONS TO THE ON-OPEN STRATEGY. IN ADDITION, THE REGISTERED INDIVIDUAL CHARGED WITH SUPERVISING THE TRADING OF THE ON-OPEN STRATEGY AFTER IMPLEMENTATION DID NOT HAVE A DETAILED UNDERSTATING OF THE ON-OPEN STRATEGY'S TRADING PARAMETERS. THE FIRM DID NOT MONITOR, EITHER ON A SECURITY-BY-SECURITY BASIS OR BY REVIEW OF AGGREGATE ON-OPEN STRATEGY EXECUTIONS, THE ON-OPEN STRATEGY'S POTENTIAL IMPACT ON PRICES, INCLUDING THE NOOP. WHILE THE ASSOCIATED PERSON WHO DEVELOPED THE ON-OPEN STRATEGY AND HIS SUPERIOR STATED THAT ITS TRADING WAS DESIGNED TO HAVE MINIMAL IMPACT ON THE PRICES OF THE SECURITIES IN WHICH IT TRADED, THE FIRM DID NOT SUPERVISE THE ON-OPEN STRATEGY TO ENSURE THAT IT OPERATED IN ACCORDANCE WITH THIS STATED DESIGN. DURING THE REVIEW PERIOD. THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WRITTEN SUPERVISORY PROCEDURES, DID NOT PROVIDE FOR ADEQUATE SUPERVISION TO ENSURE THAT TRADING STRATEGIES WERE NOT



DESIGNED TO UNDULY OR ARTIFICIALLY IMPACT MARKET PRICES AND THAT STRATEGIES' TRADING DID NOT RESULT IN SUCH UNDUE OR ARTIFICIAL MARKET IMPACT. THE FIRM DID NOT ESTABLISH AND MAINTAIN A REASONABLE SYSTEM TO SUPERVISE ALGORITHMIC TRADING STRATEGIES DEVELOPED BY THE FIRM AND UTILIZED BY THE FIRM'S PROPRIETARY TRADING DESK ("ALGO STRATEGIES"). IN PARTICULAR, THE FIRM'S SUPERVISORY SYSTEM FAILED TO REASONABLY SUPERVISE THE DEVELOPMENT, TESTING, IMPLEMENTATION, AND OPERATION OF ALGO STRATEGIES. THE FIRM'S SUPERVISORY SYSTEM ALSO FAILED TO HAVE ADEQUATE WRITTEN SUPERVISORY PROCEDURES TO GOVERN THE DEVELOPMENT, TESTING, IMPLEMENTATION AND OPERATION OF ALGO STRATEGIES. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR: THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE FOR SUPERVISION; A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S): A STATEMENT AS TO HOW OFTEN SUCH PERSON(S) SHOULD TAKE SUCH STEP(S): AND A STATEMENT AS TO HOW THE COMPLETION OF THE STEP(S) INCLUDED IN THE WRITTEN SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED.

THE FINDINGS ALSO INCLUDED THAT THE FIRM DID NOT RETAIN EMAIL MESSAGES AND OTHER COMMUNICATIONS CREATED AND RECEIVED BY AN ASSOCIATED PERSON, THE QUANTITATIVE RESEARCHER, WHO DEVELOPED THE ON-OPEN STRATEGY BECAUSE THE FIRM DID NOT DESIGNATE HIM AS AN ASSOCIATED PERSON FOR EMAIL ARCHIVING PURPOSES DURING THIS TIME.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 10/19/2016

Docket/Case Number: 2010023518001

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/19/2016



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure

Monetary/Fine \$1,000,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$1,000,000 AND AN UNDERTAKING TO

REVISE THE FIRM'S WSPS WITH RESPECT TO REASONABLY SUPERVISE THE DEVELOPMENT, TESTING, IMPLEMENTATION, AND OPERATION OF

ALGO STRATEGIES AND PROVIDING FOR ALL OF THE MINIMUM

REQUIREMENTS FOR ADEQUATE WSPS. THAT IS SPECIFIC IDENTIFICATION

OF THE INDIVIDUAL(S) RESPONSIBLE FOR SUPERVISION; THE

SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR: THE FREQUENCY OF SUCH REVIEWS; AND HOW SUCH

REVIEWS SHALL BE DOCUMENTED.

WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC A REGISTERED PRINCIPAL OF THE RESPONDENT SHALL SUBMIT TO FINRA INFORMATION PROVIDING AMONG OTHERS A REPRESENTATION THAT THE FIRM HAS REVISED ITS WSPS TO ADDRESS THE DEFICIENCIES AND THE DATE THE

REVISED PROCEDURES WERE IMPLEMENTED.

Reporting Source: Firm

Current Status:

Allegations: ON OCTOBER 19, 2016, CITADEL SECURITIES LLC ("CITADEL") ENTERED

INTO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT (THE "AWC") WITH THE NASDAQ STOCK MARKET LLC. THE AWC FOUND THAT IN CERTAIN INSTANCES DURING THE PERIOD FEBRUARY 2008 THROUGH AUGUST 2012 CITADEL FAILED TO MEET STANDARDS OF PROFESSIONAL CONDUCT AND RELATED SUPERVISORY OBLIGATIONS IN CONNECTION WITH CERTAIN FIRM PROPRIETARY ALGORITHMIC TRADING ACTIVITY, IN VIOLATION OF NASDAQ RULES 2110 AND 3010. THE AWC ALSO FOUND THAT CITADEL FAILED TO RETAIN CERTAIN COMMUNICATIONS SENT OR RECEIVED BY AN ASSOCIATED PERSON FROM FEBRUARY 2008 THROUGH DECEMBER 2009 IN VIOLATION OF SEC RULE 17A-4 AND NASDAQ RULE

3110

Final

Initiated By: NASDAQ STOCK MARKET



Date Initiated: 10/19/2016

Docket/Case Number: 20100235180-01

Principal Product Type:

Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE AND AN UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/19/2016

Sanctions Ordered: Censure

Monetary/Fine \$1,000,000.00

Other Sanctions Ordered: UNDERTAKING TO UPDATE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES.

Sanction Details: THE AWC CENSURED CITADEL, REQUIRED IT TO PAY A FINE OF \$1,000,000

(\$475,000 FOR VIOLATIONS OF JUST AND EQUITABLE PRINCIPLES OF TRADE, \$475,000 FOR SUPERVISION DEFICIENCIES, AND \$50,000 FOR VIOLATIONS OF BOOKS AND RECORDS RULES), AND IMPOSED AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES GOVERNING THE DEVELOPMENT, TESTING,

IMPLEMENTATION, AND OPERATION OF CERTAIN ALGORITHMIC TRADING STRATEGIES, WHICH WAS COMPLETED ON NOVEMBER 17, 2016. THE PAYMENT WILL BE MADE UPON RECEIPT OF THE INVOICE FROM NASDAQ.

Firm Statement SOLELY FOR THE PURPOSE OF SETTLING THESE PROCEEDINGS, CITADEL

ENTERED INTO THE AWC WITHOUT ADMITTING OR DENYING THE

FINDINGS REFERRED TO IN THE AWC. THE ALLEGATIONS, DISPOSITIONS, FINDINGS AND SANCTIONS ARE DESCRIBED ABOVE IN ITEMS 7 AND 12.

Disclosure 40 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT EXECUTED SHORT SALE TRANSACTIONS IN OVER-THE-COUNTER (OTC) EQUITY SECURITIES AND INCORRECTLY REPORTED SUCH TRANSACTIONS TO FINRA WITH A SHORT EXEMPT MODIFIER. THE FINDINGS STATED THAT THE FIRM DID NOT HAVE AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING



ADEQUATE WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF FINRA, CONCERNING FINRA RULES 6624 AND 7330(D)(6). SPECIFICALLY THE

CONCERNING FINRA RULES 6624 AND 7330(D)(6). SPECIFICALLY, THE FIRM'S SYSTEMS HAD BEEN PROGRAMMED TO ALLOW SHORT EXEMPT MARKING FOR SHORT SALE TRANSACTIONS IN OTC EQUITY SECURITIES.

THE FINDINGS ALSO STATED THAT THE FIRM DID NOT CONDUCT

ADEQUATE REVIEWS OF ITS OTC TRANSACTION REPORTS TO ENSURE

PROPER MARKING.

Initiated By: FINRA

Date Initiated: 09/15/2016

Docket/Case Number: 2014043340601

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 09/15/2016

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$20,000. FINE PAID IN FULL ON

SEPTEMBER 30, 2016.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT



ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL SECURITIES LLC STIPULATED THAT. ALTHOUGH SHORT SALE

TRANSACTIONS ARE NOT SUBJECT TO THE PROVISIONS OF RULE 201 OF REGULATION SHO, DURING THE TIME OF JULY 28, 2014 THROUGH DECEMBER 10, 2014, CITADEL SECURITIES INCORRECTLY REPORTED SHORT SALE TRANSACTIONS IN OTC EQUITY SECURITIES WITH A SHORT EXEMPT MODIFIER, WHICH CONSTITUTED A VIOLATION OF FINRA RULES 6624 AND 7330(D)(6), AND THE FIRM'S WRITTEN SUPERVISORY WERE NOT ADEQUATELY DESIGNED TO ENSURE COMPLIANCE WITH FINRA RULES 6624 AND 7330(D)(6), WHICH CONSTITUTES A VIOLATION OF FINRA RULE

3010/3110.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Date Initiated: 09/09/2016

Docket/Case Number: 20140433406-01

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/15/2016

Sanctions Ordered: Censure

Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE; AND A \$20,000 FINE,

WHICH WAS PAID ON SEPTEMBER 30, 2016.

Firm Statement CITADEL SECURITIES SUBMITTED A PROPOSED AWC ON SEPTEMBER 6.

2016, WHICH FINRA ACCEPTED ON SEPTEMBER 15, 2016, AND RETURNED TO THE FIRM ON SEPTEMBER 23, 2016. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE DESCRIBED IN ITEM 12.C. THE FINE WAS PAID ON SEPTEMBER 30,

2016.

Disclosure 41 of 75

Reporting Source: Regulator



Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT POLICIES AND PROCEDURES THAT REASONABLY AVOID DISPLAYING, OR ENGAGING IN A PATTERN OR PRACTICE OF DISPLAYING, LOCKING OR CROSSING QUOTATIONS IN ANY OVER-THE-COUNTER (OTC) EQUITY SECURITY. THE FINDINGS STATED THAT THE FIRM DID NOT HAVE AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF FINRA, CONCERNING FINRA

RULE 6437.

Initiated By: FINRA

Date Initiated: 07/27/2016

Docket/Case Number: 2014040931101

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Nο

Resolution Date: 07/27/2016

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered: UNDERTAKING TO REVISE ITS WSPS.

Sanction Details: THE FIRM WAS CENSURED, FINED \$7,500, AND UNDERTAKES TO REVISE

ITS WSPS. FINE PAID IN FULL ON AUGUST 3, 2016.

Reporting Source: Firm



Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OR LAW OR FACT, AND WITHOUT

ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CITADEL

SECURITIES LLC STIPULATED THAT DURING THE TIME OF JANUARY 1, 2014 THROUGH MARCH 1, 2014, CITADEL SECURITIES' WRITTEN SUPERVISORY PROCEDURES DID NOT ADDRESS LOCKED AND CROSSED MARKETS IN OVER-THE-COUNTER EQUITY SECURITIES, IN THAT THE POLICIES AND PROCEDURES DID NOT SPECIFICALLY IDENTIFY 1) A DESCRIPTION OF THE SUPERVISORY STEPS TO BE TAKEN TO ENSURE RECONCILIATION OF LOCKED OR CROSSED QUOTATIONS, AND 2) THE FREQUENCY OF ITS SUPERVISORY REVIEWS TO ENSURE COMPLIANCE WITH FINRA RULE 6437, WHICH CONSTITUTES A VIOLATION OF FINRA RULES 2010, 3010 AND

6437.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA")

Date Initiated: 07/18/2016

Docket/Case Number: 20140409311-01

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

FINE, AND UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES.

Censure

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/27/2016

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES.

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE; A \$7,500 FINE, WHICH

WAS PAID ON AUGUST 3, 2016; AND AN UNDERTAKING TO ADDRESS THE

FIRM'S WSPS REGARDING THE ACTIVITY IN ITEM 7 ABOVE.

Firm Statement CITADEL SECURITIES SUBMITTED A PROPOSED AWC ON JULY 18, 2016.

WHICH FINRA ACCEPTED ON JULY 27, 2016, AND RETURNED TO THE FIRM

ON AUGUST 1, 2016. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE DESCRIBED IN ITEM 12.C. THE FINE WAS PAID ON AUGUST 3, 2016, AND



THE WRITTEN SUPERVISORY PROCEDURE UNDERTAKING WAS COMPLETED ON AUGUST 10. 2016.

Disclosure 42 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT DURING A REVIEW PERIOD, ON 148 OUT OF 442 TRADE DATES (33.48 PERCENT), THE FIRM, A PRIMARY LEAD MARKET MAKER (PLMM), FAILED TO DISSEMINATE QUOTES AT THE OPENING OR DURING A RE-OPENING WITHIN ONE MINUTE OF THE DISSEMINATION OF A QUOTE OR A TRADE BY THE PRIMARY

OF THE DISSEMINATION OF A QUOTE OR A TRADE BY THE PRIMARY MARKET FOR THE UNDERLYING SECURITY, OR FAILED TO OPEN OR RE-

OPEN SERIES IN VARIOUS APPOINTED CLASSES.

THE FINDINGS STATED THAT ON NINE OF THOSE VIOLATIVE TRADE DATES, THE FIRM HAD OPENING QUOTING NON-COMPLIANCE RATES IN EXCESS OF 10 PERCENT, INCLUDING THREE TRADE DATES ON WHICH THE FIRM FAILED TO MEET ITS OPENING QUOTING OBLIGATIONS IN A RANGE FROM

45 PERCENT TO 96 PERCENT OF ITS ASSIGNED OPTIONS SERIES.

OVERALL, THE AVERAGE DAILY NON-COMPLIANCE RATE ON THE 148

TRADE DATES WAS 4.19 PERCENT.

Initiated By: MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

Date Initiated: 06/21/2016

Docket/Case Number: 2014043826401

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Other

Resolution Date: 06/21/2016



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered:

Censure

Monetary/Fine \$27,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM SUBMITTED A LETTER OF CONSENT IN WHICH THE FIRM WAS

CENSURED AND FINED \$27,500.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, THE FIRM STIPULATED THAT DURING THE PERIOD OF FEBRUARY 2013 THROUGH OCTOBER 2014, THE FIRM FAILED TO ENTER QUOTES WITHIN ONE MINUTE OF THE OPENING OF THE UNDERLYING IN VARIOUS OPTIONS CLASSES IN WHICH THE FIRM WAS AN ASSIGNED PRIMARY LEAD MARKET MAKER,

WHICH CONSTITUTES VIOLATIONS OF MIAX RULES 503 AND 603.

Initiated By: MIAMI INTERNATIONAL SECURITIES EXCHANGE LLC

Date Initiated: 05/25/2016

Docket/Case Number: 20140438264-01

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

CENSURE

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 06/21/2016

Sanctions Ordered: Censure

Monetary/Fine \$27,500.00



Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND \$27,500 FINE, WHICH WAS PAID

ON JUNE 27, 2016.

Firm Statement THE FIRM SUBMITTED A PROPOSED LETTER OF CONSENT ON MAY 25,

2016, WHICH THE MIAX BUSINESS CONDUCT COMMITTEE ACCEPTED ON JUNE 20, 2016, AND RETURNED TO THE FIRM ON JUNE 21, 2016. THE RELEVANT FINDINGS IN THE LOC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE LOC ARE DESCRIBED ABOVE IN ITEM 12.C.

THE FINE WAS PAID ON JUNE 27, 2016.

Disclosure 43 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT AS A RESULT OF USING A TRADING LOGIC THAT APPLIED TO CERTAIN CUSTOMER ORDERS OVER 10,000 SHARES IN SECURITIES PRICED BELOW A DOLLAR, THE FIRM FAILED TO EXECUTE A SUBSTANTIAL PORTION OF MARKETABLE ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT THE FIRM ADOPTED THE LOGIC IN RESPONSE TO PERCEIVED MARKET CONDITIONS, AND UTILIZED THE LOGIC ONLY DURING THE REVIEW PERIOD. THE LOGIC

UNREASONABLY DELAYED THE EXECUTION TIME OF MARKETABLE ORDERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO

PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, THOUSANDS OF EMAIL COMMUNICATIONS AS REQUIRED BY SEC RULE 17A-4(B)(4). THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASD RULE 2111(A) CONCERNING PROMPT AND FULL EXECUTION OF MARKET ORDERS (CURRENTLY FINRA RULE 5320), INCLUDING CUSTOMER ORDERS

THAT WERE SUBJECT TO THE FOREGOING LOGIC. THE FIRM'S

SUPERVISORY SYSTEM FAILED TO INCLUDE, BUT WAS NOT LIMITED TO,

DEFICIENT WRITTEN SUPERVISORY PROCEDURES.

Initiated By: FINRA

Date Initiated: 10/23/2015

Docket/Case Number: 2008015772801

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES



Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/23/2015

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure

Monetary/Fine \$200,000.00

Other Sanctions Ordered:

UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN

SUPERVISORY PROCEDURES

Sanction Details:

THE FIRM WAS CENSURED, FINED \$200,000 AND REQUIRED TO REVISE ITS

WRITTEN SUPERVISORY PROCEDURES. FINE PAID IN FULL ON NOVEMBER 4, 2015.

Reporting Source: Firm

Current Status: Final

Allegations:

FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS. THE FIRM

STIPULATED:

1)DURING THE PERIOD OF FEBRUARY 2, 2006 THROUGH AUGUST 17, 2009, THE FIRM ADOPTED AND UTILIZED ROUTING LOGIC FOR ORDERS OVER

10,000 SHARES IN SECURITIES PRICED BELOW ONE DOLLAR, IN RESPONSE TO CERTAIN PERCEIVED MARKET CONDITIONS, WHICH

DELAYED THE EXECUTION TIME OF MARKETABLE ORDERS. AS A RESULT OF THE LOGIC, THE FIRM FAILED TO FULLY AND PROMPTLY EXECUTE A SUBSTANTIAL NUMBER OF ORDERS MEETING THE THRESHOLDS, WHICH CONSTITUTE SEPARATE AND DISTINCT VIOLATIONS OF NASD RULE 2110

AND 2111(A), AND FINRA RULE 2010 FOR ACTIVITY ON AND AFTER

DECEMBER 15, 2008.

2)DURING THE PERIOD OF FEBRUARY 2, 2006 THROUGH FEBRUARY 26, 2009, THE FIRM FAILED TO PRESERVE ALL EMAIL COMMUNICATIONS AS REQUIRED BY SEC RULE 17A-4(B)(4), WHICH CONSTITUTE VIOLATIONS OF



SEC RULE 17A-4 AND NASD RULE 3110.

3)DURING THE REVIEW PERIOD THE FIRM'S SUPERVISORY SYSTEM WAS DEFICIENT CONCERNING THE PROMPT AND FULL EXECUTION OF MARKET ORDERS, INCLUDING CUSTOMER ORDERS THAT WERE SUBJECT TO THE LOGIC, WHICH CONSTITUTES VIOLATIONS OF NASD RULE 2110 AND 3010, AND FINRA RULE 2010 FOR ACTIVITY ON AND AFTER DECEMBER 15, 2008.

Initiated By: FINRA

Date Initiated: 09/30/2015

Docket/Case Number: 20080157728-01

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/23/2015

Sanctions Ordered: Censure

Monetary/Fine \$200,000.00

Other Sanctions Ordered: UNDERTAKING TO UPDATE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES.

Sanction Details: THE FIRM CONSENTED TO A CENSURE, \$200,000 FINE, AND AN

UNDERTAKING TO UPDATE ITS WRITTEN SUPERVISORY PROCEDURES.

Firm Statement THE FIRM SUBMITTED A PROPOSED AWC ON SEPTEMBER 30, 2015, WHICH

FINRA ACCEPTED ON OCTOBER 23, 2015, AND RETURNED TO THE FIRM ON

OCTOBER 27, 2015.

THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE DESCRIBED ABOVE IN ITEM

12.C. THE FINE WAS PAID ON NOVEMBER 4, 2015.

Disclosure 44 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL SECURITIES LLC ("CITADEL"), AN EXCHANGE TPH ORGANIZATION,

WAS CENSURED AND FINED \$100,000. IN ACCEPTING THE OFFER OF



SETTLEMENT, THE EXCHANGE'S BUSINESS CONDUCT COMMITTEE CONSIDERED CERTAIN FACTORS, INCLUDING THE FACT THAT CITADEL

SECURITIES LLC WAS SANCTIONED BY FINRA ON JUNE 12, 2014

PURSUANT TO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT IN WHICH IT AGREED TO A FINE IN THE AMOUNT OF \$800,000 AND AN

UNDERTAKING TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES FOR

CONDUCT IN CONTRAVENTION OF EXCHANGE ACT RULE 15C3-5
COVERING A PORTION OF THE TIMEFRAME INVOLVED IN THE INSTANT
MATTER (FINRA NO. 20100223345-05). CITADEL FAILED TO ESTABLISH,
DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS
AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE
THE FINANCIAL, REGULATORY, AND OTHER RISKS OF THIS BUSINESS
ACTIVITY. (EXCHANGE RULE 4.2 - ADHERENCE TO LAW; AND RULE 15C3-5 RISK MANAGEMENT CONTROLS FOR BROKERS OR DEALERS WITH

MADICET ACCECC UNDER THE CECURITIES AND EVOLUNIOE ACT OF ACC

MARKET ACCESS UNDER THE SECURITIES AND EXCHANGE ACT OF 1934,

AS AMENDED)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 06/02/2015

Docket/Case Number: 15-0064/ 20150456215

Principal Product Type:

Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/20/2015

Sanctions Ordered: Censure

Monetary/Fine \$100,000.00

Other Sanctions Ordered:

Sanction Details: A \$100,000 FINE AND A CENSURE.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT



ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, THE FIRM STIPULATED:

1)THAT DURING THE TIME PERIOD OF ON OR ABOUT AUGUST 13, 2012 THROUGH ON OR ABOUT MAY 16, 2014, THE FIRM FAILED TO ESTABLISH APPROPRIATE PRE-CREDIT THRESHOLDS AS REQUIRED BY SEC RULE 15C3-5(C)(1)(I), IN THAT THE FIRM'S PROPRIETARY METHODOLOGY FOR CLIENT CREDIT LIMITS DID NOT AGGREGATE THE CLIENT'S ACTIVITY ACROSS THE FIRM'S ATS AND THE ALGORITHMIC EXECUTION SERVICES DESK, WHICH ALLOWED FOR AN INAPPROPRIATE CREDIT LIMIT FOR ONE EQUITY CLIENT.

2)THAT DURING THE TIME PERIOD OF ON OR ABOUT AUGUST 13, 2012 THROUGH ON OR ABOUT MAY 19, 2014, THE FIRM FAILED TO ESTABLISH AND MAINTAIN RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BY REJECTING ORDERS THAT EXCEEDED APPROPRIATE PRICE AND SIZE PARAMETERS AS REQUIRED BY SEC RULE 15C3-5(C)(1)(II), IN THAT WHILE THE FIRM'S ATS HAD PRICE AND SIZE THRESHOLDS, THE FIRM DID NOT IMPLEMENT SEPARATE PRICE OR SIZE THRESHOLDS FOR EQUITY IOC ORDERS ROUTED FROM THE FIRM'S CONNECT PLATFORM TO THE ATS.

3)THAT DURING THE TIME PERIOD OF ON OR ABOUT AUGUST 13, 2012 THROUGH ON OR ABOUT MARCH 15, 2014, THE FIRM FAILED TO ESTABLISH AND MAINTAIN REASONABLY DESIGNED RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES THAT ASSURED THE APPROPRIATE SURVEILLANCE PERSONNEL RECEIVED IMMEDIATE POSTTRADE EXECUTION REPORTS (SPECIFICALLY WASH SALES) AS REQUIRED BY SEC RULE 15C3-5(C)(2), IN THAT THE FIRM DID NOT HAVE A WASH SALE REPORT COVERING THE FIRM'S RETAIL BROKER-DEALER ORDER FLOW HANDLED BY THE FIRM'S EQUITY MARKET MAKING DESK.

Initiated By: THE CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 06/02/2015

Docket/Case Number: 15-0064

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Civil and Administrative Penalt(ies) /Fine(s)

CBOE EXCHANGE RULE 4.2 AND SEC RULE 15C3-5.

Sought:

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Decision & Order of Offer of Settlement



Resolution Date: 10/23/2015

Sanctions Ordered: Censure

Monetary/Fine \$100,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO A CENSURE AND A FINE IN THE AMOUNT OF

\$100,000.

Firm Statement THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ON SEPTEMBER 10,

2015, WHICH THE CBOE BCC ACCEPTED ON OCTOBER 20, 2015 AND

ISSUED A NOTICE OF ACCEPTANCE DATED OCTOBER 23, 2014, WHICH WAS RECEIVED BY APPLICANT ON OCTOBER 27, 2015. THE RELEVANT FINDINGS IN THE OFFER OF SETTLEMENT ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE OFFER OF SETTLEMENT ARE EXPLAINED

ABOVE IN ITEM 12.C. THE FINE WAS PAID ON NOVEMBER 5, 2015.

Disclosure 45 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ENTER AND MAINTAIN CONTINUOUS TWO-SIDED TRADING INTEREST WITHIN THE DESIGNATED PERCENTAGES AWAY FROM THE NATIONAL BEST BID OR OFFER (NBBO) IN SECURITIES IN WHICH THE FIRM WAS

REGISTERED AS A MARKET MAKER.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 06/04/2015

Docket/Case Number: 2012034837901

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/04/2015



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$32,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$32,500.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT IN 14,328 INSTANCES ON SEPTEMBER 17, 2012, AND IN 38,202 INSTANCES BETWEEN NOVEMBER 14, 2012 AND NOVEMBER 19, 2012, THE APPLICANT FAILED TO ENTER AND MAINTAIN TWO-SIDED

QUOTATIONS WITHIN DESIGNEDATED PERCENTAGES, IN CONTRAVENTION

OF NASDAQ RULE 4613(A).

Initiated By: FINRA, ON BEHALF OF THE NASDAQ STOCK MARKET

Date Initiated: 05/20/2015

Docket/Case Number: 2012034837901

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/04/2015

Sanctions Ordered: Censure

Monetary/Fine \$32,500.00

Other Sanctions Ordered:



Sanction Details: APPLICANT CONSENTED TO A CENSURE AND A FINE IN THE AMOUNT OF

\$32,500.

Firm Statement APPLICANT SUBMITTED A PROPOSED AWC ON MAY 20, 2015. FINRA

ACCEPTED THE AWC, ON BEHALF OF NASDAQ, ON JUNE 4, 2015 AND ISSUED A NOTICE OF ACCEPTANCE DATED JUNE 4, 2015, WHICH WAS RECEIVED BY APPLICANT ON JUNE 15, 2015. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE EXPLAINED ABOVE IN ITEM 12.C. THE FINE WILL BE PAID

UPON RECEIPT OF THE INVOICE FROM NASDAQ.

Disclosure 46 of 75

Reporting Source: Regulator **Current Status:** Final

IT IS ALLEGED THAT CITADEL, ON NUMEROUS OCCASIONS, FAILED TO Allegations:

> GRANT PRIORITY TO THE HIGHEST BID AND/OR LOWEST OFFER WHEN SUCH BID OR OFFER WAS AVAILABLE. (VIOLATIONS OF EXCHANGE RULES

6.45A AND 6.45B)

CHICAGO BOARD OPTIONS EXCHANGE Initiated By:

Date Initiated: 12/26/2014

Docket/Case Number: 14-0199

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 12/29/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

Nο

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00



Other Sanctions Ordered:

Sanction Details: A CENSURE AND A FINE OF \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: IT IS ALLEGED THAT THE APPLICANT'S ON-FLOOR MARKET MAKERS, ON

VARIOUS OCCASIONS, FAILED TO GRANT PRIORITY TO THE HIGHEST BID AND/OR LOWEST OFFER WHEN SUCH BID OR OFFER WAS AVAILABLE.

(VIOLATIONS OF EXCHANGE RULES 6.45A AND 6.45B)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 12/26/2014

Docket/Case Number: 14-0199

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/29/2017

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE, AND A \$7,500 FINE,

WHICH WAS PAID ON JANUARY 2, 2018.

Firm Statement CITADEL SETTLED THIS MATTER UNDER CBOE 20150439286; 20150467045;

20170528152

Disclosure 47 of 75

Reporting Source: Firm

Current Status: Final

Allegations: ON MARCH 23, 2015, CITADEL SECURITIES LLC ("CDRG") WAS NOTIFIED



THE CHICAGO MERCANTILE EXCHANGE ("CME") HAD ACCEPTED AN OFFER OF SETTLEMENT RELATING TO CDRG'S TRANSMISSION OF UNINTENTIONAL ORDERS TO THE CME GLOBEX PLATFORM. THE OFFER OF SETTLEMENT FOUND THAT CDRG VIOLATED CME RULE 432Q.

Initiated By: CHICAGO MERCANTILE EXCHANGE

Date Initiated: 03/19/2015

Docket/Case Number: CME 13-9526-BC

Principal Product Type: Futures - Financial

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 03/23/2015

Sanctions Ordered: Monetary/Fine \$70,000.00

Other Sanctions Ordered:

Sanction Details: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY PROCEEDING,

WITHOUT ADMITTING OR DENYING THE FINDINGS, CDRG CONSENTED TO THE OFFER OF SETTLEMENT, RESULTING IN A FINE IN THE AMOUNT OF

\$70,000.

Firm Statement ON MARCH 19, 2015, CDRG PRESENTED AN OFFER OF SETTLEMENT TO A

PANEL OF THE CME BUSINESS CONDUCT COMMITTEE, WHICH THE PANEL AGREED TO, AND THE CME ISSUED A NOTICE OF THE ACCEPTANCE ON

MARCH 23, 2015. THE RELEVANT FINDINGS IN THE OFFER OF

SETTLEMENT ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS

IMPOSED BY THE OFFER OF SETTLEMENT ARE DESCRIBED ABOVE IN ITEM

12.C. THE FINE WAS PAID ON MARCH 24, 2015.

Disclosure 48 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER

AUDIT TRAIL SYSTEM (OATS).



Initiated By: FINRA

Date Initiated: 10/15/2014

Docket/Case Number: 2012033129701

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 10/15/2014

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$20,000. FINE PAID IN FULL ON

OCTOBER 22, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT DURING THE TIME PERIOD OF NOVEMBER 1, 2011

THROUGH DECEMBER 31, 2011 THE APPLICANT FAILED TO TIMELY REPORT 20,011,395 REPORTABLE ORDER EVENTS ("ROES") TO OATS. THESE LATE

ROES, THE MAJORITY OF WHICH RESULTED FROM ORDER EVENTS REPORTED LATE OVER A PERIOD OF DAYS OR SYSTEMS ISSUES.

REPRESENTED 7.66% OF ALL OF THE APPLICANTS ROES SUBMITTED TO OATS DURING NOVEMBER 2011, AND 3.68% OF ALL APPLICANT ROES SUBMITTED IN DECEMBER 2011. THIS ACTIVITY CONSTITUTES SEPARATE



AND DISTINCT VIOLATIONS OF FINRA RULE 7450.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA")

Date Initiated: 10/15/2014

Docket/Case Number: 20120331297-01

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

AND CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/15/2014

Sanctions Ordered: Censure

Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: APPLICANT CONSENTED TO A CENSURE AND A FINE IN THE AMOUNT OF

\$20,000.

Firm Statement APPLICANT SUBMITTED A PROPOSED AWC ON SEPTEMBER 29, 2014.

FINRA ACCEPTED THE AWC ON OCTOBER 15, 2014 AND ISSUED A NOTICE OF ACCEPTANCE DATED OCTOBER 15, 2014, WHICH WAS RECEIVED BY APPLICANT ON OCTOBER 22, 2014. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE EXPLAINED ABOVE IN ITEM 12.C. THE FINE WAS PAID ON OCTOBER

22, 2014.

Disclosure 49 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ON A TRADE DATE. THE FINDINGS STATED THAT THE FIRM FAILED TO SUBMIT ROUTE REPORTS FOR ORDERS ROUTED IN AN

AGENCY CAPACITY.

Initiated By: FINRA



Date Initiated: 09/25/2014

Docket/Case Number: 2012031643001

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 09/25/2014

Does the order constitute a final order based on

violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$10,000. FINE PAID IN FULL ON

OCTOBER 14, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT ON OCTOBER 12, 2012 THE APPLICANT FAILED TO SUBMIT 22 ROUTE REPORTS TO OATS FOR 22 ORDERS ROUTED IN AN

AGENCY CAPACITY, IN VIOLATION OF FINRA RULE 7450.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA")

Date Initiated: 09/25/2014

Docket/Case Number: 20120316430-01

Principal Product Type: Equity Listed (Common & Preferred Stock)



Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Censure

Other Sanction(s)/Relief

Sought:

FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/25/2014

Sanctions Ordered: Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: APPLICANT CONSENTED TO A CENSURE AND A FINE IN THE AMOUNT OF

\$10,000.

Firm Statement APPLICANT SUBMITTED A PROPOSED AWC ON SEPTEMBER 18, 2014.

FINRA ACCEPTED THE AWC ON SEPTEMBER 25, 2014 AND ISSUED A NOTICE OF ACCEPTANCE DATED SEPTEMBER 25, 2014, WHICH WAS RECEIVED BY APPLICANT ON OCTOBER 6, 2014. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE EXPLAINED ABOVE IN ITEM 12.C. THE FINE WAS PAID ON

OCTOBER 8, 2014.

Disclosure 50 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: A FINRA HEARING OFFICER CONSIDERED AN OFFER OF SETTLEMENT AND

CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE

REGULATION, INC. AND THE FIRM. WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, THE HEARING OFFICER ACCEPTED THE OFFER OF SETTLEMENT AND CONSENT AND ISSUED A DECISION. THE

FIRM VIOLATED NYSE AREA EQUITIES RULES 6.1 AND 6.18, AND

EXCHANGE ACT RULE 15C3-5 BY FAILING TO ESTABLISH, MAINTAIN, AND

ENFORCE A SUPERVISORY SYSTEM, INCLUDING SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO CHECK FOR ORDER ACCURACY, REJECT ORDERS THAT EXCEEDED APPROPRIATE PRICE AND/OR SIZE PARAMETERS, REJECT DUPLICATIVE ORDERS, AND MONITOR APPROPRIATE MESSAGE LEVEL ACTIVITY, INCLUDING MESSAGE ACTIVITY AT THE DESK, FIRM, AND MARKET LEVEL. IN 24 INSTANCES, THE FIRM'S EQUITY MARKET MAKING

DESK FAILED TO PREVENT THE TRANSMISSION OF ERRONEOUS



CUSTOMER ORDERS TO THE EXCHANGES. TRANSACTIONS RESULTING FROM THE 24 ERRONEOUS CUSTOMER ORDERS AFFECTED THE PRICE OF EACH SECURITY, IN SOME CASES, DRAMATICALLY, THE FIRM'S TRANSMISSION OF THIS ERRONEOUS ORDER TO THE EXCHANGES WAS FOLLOWED BY AN IMMEDIATE INCREASE IN THE PRICE OF THE SECURITY OF 132 PERCENT. ALSO. FOR A PERIOD. THE FIRM HAD NO SPECIFIC PRE-TRADE RISK CONTROL ON THE EQUITY MARKET MAKING DESK FOR PREVENTING ERRONEOUS CUSTOMER ORDERS OTHER THAN A GENERAL REQUIREMENT THAT THE ORDER SIZE NOT EXCEED 999.999 SHARES. NONE OF THE SUBJECT CUSTOMER ORDERS TRIGGERED THIS ORDER SIZE CONTROL BECAUSE NONE EXCEEDED 999.999 SHARES. IN ADDITION TO THE DEFICIENCIES, FOR A PERIOD, THE FIRM'S RISK CONTROL PARAMETERS ON THE EQUITY MARKET MAKING DESK WERE INADEQUATE BECAUSE THEY EXCLUDED FROM REVIEW WHOLE CATEGORIES OF SECURITIES SYMBOLS, INCLUDING NASDAQ 100, S&P 100, AND HIGH-VOLUME ETF SYMBOLS. MOREOVER, ON A CERTAIN DATE, THE EQUITY MARKET-MAKING DESK ERRONEOUSLY SOLD SHORT. ON A PROPRIETARY BASIS, 2.75 MILLION SHARES OF AN ENTITY, CAUSING THE SHARE PRICE OF THE ENTITY TO FALL BY 77 PERCENT DURING AN ELEVEN MINUTE PERIOD, AT THE TIME OF THE ENTITY'S EVENT, THE FIRM HAD NEITHER FORMAL WRITTEN POLICIES, PROCEDURES, OR CONTROLS IN PLACE TO ADDRESS MODIFICATIONS TO ITS TRADING SYSTEMS, QUOTING SYSTEMS, OR ALGORITHMS, NOR AN ASSIGNED EMPLOYEE TO CONTINUOUSLY MONITOR THE SYSTEM INVOLVED IN THIS EVENT. FURTHERMORE, THE FIRM'S OPTIONS MARKET MAKING DESK RELEASED AN UPDATED VERSION OF ITS ORDER SIZING SOFTWARE FOR ONE OF ITS PROPRIETARY TRADING STRATEGIES. THE STRATEGY WAS FIRST RELEASED TO AN ELECTRONIC TRADING DESK QUOTER ("QUOTER') WITH A SMALL NUMBER OF SYMBOLS. THE QUOTER, HOWEVER, DID NOT HAVE A PROPERLY CONFIGURED WAIT TIMER. AS A RESULT, FOR A PERIOD, THE FIRM SENT MULTIPLE, PERIODIC BURSTS OF ORDER MESSAGES, AT 10,000 ORDERS PER SECOND, TO THE EXCHANGES. THIS EXCESSIVE MESSAGING ACTIVITY, WHICH INVOLVED HUNDREDS OF THOUSANDS OF ORDERS FOR MORE THAN 19 MILLION SHARES, OCCURRED TWO TO THREE TIMES PER DAY. BECAUSE OF THE BRIEF DURATION AND SMALL SIZE OF EACH ORDER, NONE OF THE RISK CONTROLS IN FORCE ON THE OPTIONS MARKET-MAKING DESK WERE TRIGGERED BY THE MESSAGE BURST EVENTS. AFTER RECEIVING AN INQUIRY ABOUT ITS ORDER ACTIVITY FROM FINRA, THE FIRM MODIFIED ITS TRADING SOFTWARE ON THE OPTIONS MARKET MAKING DESK TO PREVENT THE RECURRENCE OF THIS ACTIVITY. IN ADDITION, ON A CERTAIN DATE, THE FIRM'S DATA SERVER DEDICATED TO HANDLING NYSE AREA MARKET DATA USED BY ITS PROPRIETARY TRADING DESK FAILED TO START UP PROPERLY. THIS FAILURE CAUSED A DATA SERVER, OF THE FIRM, DEDICATED TO HANDLING NYSE STOCK EXCHANGE LLC MARKET DATA TO CONNECT AND



DISSEMINATE NYSE STOCK EXCHANGE LLC MARKET DATA IN ITS PLACE, CAUSING ITS PROPRIETARY TRADING DESK TO SEND ERRONEOUS HYPER-MARKETABLE LIMIT ORDERS IN 16 DIFFERENT STOCK SYMBOLS TO THE EXCHANGES DURING A TWO MINUTE PERIOD. THE FIRM

INCURRED A LOSS OF APPROXIMATELY \$1.4 MILLION ON THE RESULTING ERRONEOUS EXECUTIONS. THE EXCHANGES GRANTED, IN PART, THE FIRM'S PETITION TO CANCEL THE EXECUTIONS, REDUCING ITS LOSS TO

\$400.000.

Initiated By: NYSE ARCA, INC.

Date Initiated: 06/25/2014

Docket/Case Number: 2010022334501

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED EQUITY SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

No

Resolution Date: 06/25/2014

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or decentive conduct?

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$160,000.00

Other Sanctions Ordered:

UNDERTAKING: ORDERED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS TO ADDRESS THE

DEFICIENCIES DESCRIBED IN THE DECISION.

THE FINE MUST BE PAID WITHIN 30 DAYS OF THE DATE OF THIS DECISION OR THE FIRM MAY FACE SUSPENSION, PURSUANT TO THE TERMS OF THE

DECISION AND NYSE ARCA EQUITIES RULE 11.2(A)(2)(II).

THIS \$160,000 FINE IS PART OF A GLOBAL SETTLEMENT WHEREBY THE FIRM AGREED TO A TOTAL FINE OF \$800,000 PAYABLE TO FIVE SELF-



REGULATORY ORGANIZATIONS (\$420,000 TO NASDAQ, \$160,000 TO NYSE

ARCA, \$100,000 TO BZX, \$70,000 TO BYX, AND \$50,000 TO F1NRA).

Sanction Details: SEE ABOVE

Reporting Source: Firm

Current Status: Final

Allegations: ON JUNE 25, 2014, NYSE ARCA, INC. ("ARCA"), AS PART OF A GLOBAL

RESOLUTION AMONG SEVERAL SELF-REGULATORY ORGANIZATIONS, NOTIFIED CITADEL SECURITIES LLC (CDRG") THAT IT HAD ACCEPTED ITS

OFFER OF SETTLEMENT AND CONSENT AND ISSUED A DECISION

RELATING TO CDRG'S TRANSMISSION OF ERRONEOUS ORDERS TO ARCA,

NASDAQ STOCK MARKET LLC, BATS EXCHANGE, INC., AND BATS Y-EXCHANGE, INC. (THE "EXCHANGES"). FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF

ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT DURING THE

PERIOD OF MARCH 18, 2010 THROUGH JANUARY 8, 2013: (A) ON 24 OCCASIONS BETWEEN MARCH 18, 2010 AND JANUARY 8, 2013, CDRG USED THE EXCHANGES' CLEARLY ERRONEOUS PROCESSES TO OBTAIN CANCELLATIONS OF ERRONEOUS CUSTOMER ORDERS THAT THE FIRM'S

SUPERVISORY PROCEDURES AND RISK CONTROLS FAILED TO

REASONABLY DETECT AND PREVENT; (II) IN APRIL 2010, CDRG RELEASED A TEST VERSION OF A PREVIOUSLY ABANDONED SOFTWARE UPDATE.

CAUSING A QUOTING SYSTEM TO SEND AGGRESSIVELY PRICED

MARKETABLE SELL LIMIT ORDERS TO THE EXCHANGES, RESULTING IN A LARGE. ERRONEOUS SHORT POSITION: (III) IN AUGUST 2011. CDRG

RELEASED AN UPDATED VERSION OF ITS ORDER SIZING SOFTWARE THAT CAUSED THE TRADING STRATEGY TO ENTER INTO AN ORDER SENDING

AND CANCELLATION LOOP; AND (IV) ON DECEMBER 13, 2012, CDRG APPLIED INACCURATE MARKET DATA TO THE FIRM'S ORDER BOOK WHEN A FAILURE ASSOCIATED WITH A CDRG DATA SERVER CAUSED CDRG'S

PROPRIETARY TRADING DESK TO SEND ERRONEOUS HYPER-

MARKETABLE LIMIT ORDERS TO THE EXCHANGES.

THE DECISION FOUND THAT CDRG VIOLATED NYSE ARCA EQUITIES RULES

6.1 AND 6.18 (FOR CONDUCT OCCURRING DURING MARCH 18, 2010 THROUGH JANUARY 8, 2013), AND RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 (FOR CONDUCT OCCURRING ON OR AFTER JULY

14, 2011).

Initiated By: NYSE ARCA, INC.

Date Initiated: 06/25/2014



Docket/Case Number: 2010023345

Principal Product Type:

Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE AND UNDERTAKING

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 06/25/2014

Sanctions Ordered: Censure

Monetary/Fine \$160,000.00

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES AND RISK MANAGEMENT CONTROLS TO ADDRESS THE

DEFICIENCIES DESCRIBED IN THE DECISION.

Sanction Details: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY PROCEEDING,

WITHOUT ADMITTING OR DENYING THE FINDINGS, CDRG SUBMITTED AN OFFER OF SETTLEMENT AND CONSENT TO FINRA ON BEHALF OF NYSE REGULATION, INC. WHICH WAS ACCEPTED BY THE HEARING OFFICER. THE HEARING OFFICER ISSUED A DECISION IN ACCORDANCE WITH NYSE ARCA EQUITIES RULES ORDERING A CENSURE, A FINE IN THE AMOUNT OF \$160,000, AND AN UNDERTAKING FOR CDRG TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS TO

ADDRESS THE DEFICIENCIES DESCRIBED IN THE DECISION.

Firm Statement CDRG SUBMITTED AN OFFER OF SETTLEMENT AND CONSENT TO FINRA

ON BEHALF OF NYSE REGULATION, INC. ON JUNE 4, 2014. THIS OFFER WAS ACCEPTED BY A HEARING OFFICER AND A DECISION, DATED JUNE 25.

2014, WAS ISSUED. THE RELEVANT FINDINGS IN THE DECISION ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE

DECISION ARE EXPLAINED ABOVE IN ITEM 12.C. THE FINE WAS PAID ON JULY 14, 2014, AND CDRG IS IN PROCESS OF UPDATING ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS TO

ADDRESS THE DEFICIENCIES DESCRIBED IN THE DECISION.

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Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED



TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REASONABLY PREVENT THE TRANSMISSION OF ERRONEOUS ORDERS TO NASDAQ, BATS EXCHANGE, INC. (BZX), BATS Y-EXCHANGE, INC. (BYX), AND NYSE ARCA, INC. (NYSE ARCA) (THE EXCHANGES). THE FINDINGS STATED THAT THE FIRM'S EQUITY MARKET MAKING DESK FAILED TO PREVENT THE TRANSMISSION OF ERRONEOUS CUSTOMER ORDERS TO THE EXCHANGES. TRANSACTIONS RESULTING FROM THE ERRONEOUS CUSTOMER ORDERS AFFECTED THE PRICE OF EACH SECURITY, IN SOME CASES, DRAMATICALLY. IN EACH INSTANCE, THE FIRM PETITIONED THE EXCHANGES TO CANCEL THE RESULTING EXECUTIONS ON THE GROUND THAT THE ORDERS WERE CLEARLY ERRONEOUS. MOST OF THE PETITIONS WERE SUBMITTED ON THE GROUND THAT THE CUSTOMER MISTAKENLY ENTERED A MARKET ORDER OR STOP ORDER INSTEAD OF A LIMIT ORDER OR STOP LIMIT ORDER. IN MOST INSTANCES. THE EXCHANGES GRANTED THE FIRM'S PETITIONS, IN WHOLE OR IN PART, AND CANCELED THE TRANSACTIONS RESULTING FROM THE ERRONEOUS ORDERS. THE FIRM RELIED PRIMARILY ON POST-TRADE NOTIFICATIONS FROM THE EXCHANGES, OR IN A FEW INSTANCES, FROM ITS CUSTOMERS, TO IDENTIFY THE ERRONEOUS CUSTOMER ORDERS AND THE EXECUTIONS RESULTING THEREFROM. THE FIRM MODIFIED A SIZE/VOLUME CONTROL ON MULTIPLE OCCASIONS, NARROWING ITS PARAMETERS AND ADDING NEW PARAMETERS TO DETECT A BROADER RANGE OF POTENTIALLY ERRONEOUS ORDERS. NOTWITHSTANDING THESE CHANGES, ERRONEOUS CUSTOMER ORDERS CONTINUED TO PASS THROUGH THIS CONTROL BECAUSE THE ORDERS DID NOT EXCEED THE SIZE AND VOLUME PARAMETERS OR. THE SECURITY OR ORDER TYPE WAS EXCLUDED FROM THIS PRE-TRADE CONTROL'S REVIEW. THE FIRM'S RISK CONTROL PARAMETERS ON THE EQUITY MARKET MAKING DESK WERE INADEQUATE BECAUSE THEY EXCLUDED FROM REVIEW WHOLE CATEGORIES OF SECURITIES SYMBOLS, INCLUDING NASDAQ 100, S&P 100, AND HIGH-VOLUME EXCHANGE-TRADED FUND (ETF) SYMBOLS. THE FINDINGS ALSO STATED THAT THE EQUITY MARKET MAKING DESK ERRONEOUSLY SOLD SHORT, ON A PROPRIETARY BASIS, 2.75 MILLION SHARES OF A STOCK, CAUSING THE SHARE PRICE OF THE STOCK TO FALL BY 77 PERCENT DURING AN 11 MINUTE PERIOD. THE FIRM'S PROFIT AND LOSS SERVER REFLECTED THE LARGE SHORT POSITION ACCUMULATING IN THE STOCK. UPON DISCOVERY OF THIS ACTIVITY, THE FIRM DISABLED THE DESK'S ABILITY TO SEND QUOTES IN THE STOCK. THE ERRONEOUS EXECUTIONS IN THE STOCK WERE TRIGGERED BY AN UPDATE TO PART OF THE FIRM'S TRADING SYSTEM. THE FIRM HAD NO FORMAL WRITTEN POLICIES, PROCEDURES OR CONTROLS IN PLACE TO ADDRESS MODIFICATIONS TO THE FIRM'S TRADING SYSTEMS, QUOTING SYSTEMS, OR ALGORITHMS AT THE TIME OF THIS EVENT. NOR DID THE FIRM ASSIGN AN EMPLOYEE TO CONTINUOUSLY MONITOR THE SYSTEM INVOLVED IN THIS EVENT. THE FINDINGS ALSO INCLUDED THAT THE FIRM SENT



MULTIPLE, PERIODIC BURSTS OF ORDER MESSAGES, AT 10,000 ORDERS PER SECOND, TO THE EXCHANGES. NONE OF THE RISK CONTROLS IN FORCE ON THE OPTIONS MARKET MAKING DESK WERE TRIGGERED BY THE MESSAGE BURST EVENTS DUE TO THE BRIEF DURATION, AND SMALL SIZE, OF EACH ORDER. AFTER RECEIVING AN INQUIRY ABOUT THE FIRM'S ORDER ACTIVITY FROM FINRA, THE FIRM MODIFIED ITS TRADING SOFTWARE ON THE OPTIONS MARKET MAKING DESK TO PREVENT RECURRENCE OF THIS ACTIVITY. DUE TO A SOFTWARE CODE MISCONFIGURATION, A CONTROL FAILED TO ACTIVATE WHEN REARRANGED CODE WAS INTRODUCED INTO A PRODUCTION ENVIRONMENT. AS A RESULT, THE FIRM FAILED TO PREVENT THE

STRATEGY FROM SENDING MILLIONS OF ORDERS TO THE EXCHANGES

WITH FEW OR NO EXECUTIONS. [CONTINUED IN COMMENT]

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 06/16/2014

Docket/Case Number: 2010022334502

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/16/2014

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Censure

Sanctions Ordered:

Monetary/Fine \$800,000.00

Other Sanctions Ordered: OF THE \$800,000 FINE, \$420,000 SHALL BE PAID TO NASDAQ, \$160,000 TO

NYSE ARCA, \$100,000 TO BZX, \$70,000 TO BYX, AND \$50,000 TO FINRA; UNDERTAKING: REQUIRED TO REVISE THE ITS WRITTEN SUPERVISORY

PROCEDURES AND RISK MANAGEMENT CONTROLS

Sanction Details: SEE ABOVE

Regulator Statement [CONTINUED FROM ALLEGATIONS]: AFTER RECEIVING AN INQUIRY FROM



NASDAQ CONCERNING AN INCREASE IN ORDER MESSAGING ACTIVITY IN ANOTHER STOCK. THE FIRM DISABLED A TRADING STRATEGY. MODIFIED ITS SOFTWARE CODE TO ADDRESS THE ISSUE, AND IMPLEMENTED AN ADDITIONAL THRASHING CONTROL TO PREVENT ITS RECURRENCE. A FIRM DATA SERVER DEDICATED TO HANDLING NYSE ARCA MARKET DATA USED BY THE FIRM'S PROPRIETARY TRADING DESK FAILED TO START UP PROPERLY, WHICH CAUSED A FIRM DATA SERVER DEDICATED TO HANDLING NYSE STOCK EXCHANGE LLC MARKET DATA TO CONNECT AND DISSEMINATE NYSE STOCK EXCHANGE LLC MARKET DATA IN ITS PLACE. THE FIRM INCURRED A LOSS OF APPROXIMATELY \$1.4 MILLION ON THE RESULTING ERRONEOUS EXECUTIONS. THE EXCHANGES GRANTED, IN PART, THE FIRM'S PETITION TO CANCEL THE EXECUTIONS, REDUCING THE FIRM'S LOSS TO \$400,000. THE FIRM FAILED TO HAVE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO DETECT AND PREVENT THE ENTRY OF ERRONEOUS ORDERS. BY FAILING TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO: CHECK FOR ORDER ACCURACY: REJECT ORDERS THAT EXCEEDED APPROPRIATE PRICE AND/OR SIZE PARAMETERS: REJECT DUPLICATIVE ORDERS: AND MONITOR APPROPRIATE MESSAGE LEVEL ACTIVITY, INCLUDING MESSAGE ACTIVITY AT THE DESK, FIRM AND MARKET LEVEL, THE FIRM VIOLATED NASDAQ RULES 2110, 2010A AND 3010, AND SECURITIES EXCHANGE ACT OF 1934 RULE 15C3-5.

Reporting Source: Firm

Current Status: Final

Allegations:

ON JUNE 19, 2014, CITADEL SECURITIES LLC ("CDRG") WAS NOTIFIED THAT THE NASDAQ STOCK MARKET LLC ("NASDAQ") AS PART OF A GLOBAL RESOLUTION AMONG SEVERAL SELF-REGULATORY ORGANIZATIONS HAD ACCEPTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT ("AWC") RELATING TO CDRG'S TRANSMISSION OF ERRONEOUS ORDERS TO NASDAQ, BATS EXCHANGE, INC., BATS Y-EXCHANGE, INC., AND NYSE ARCA (THE "EXCHANGES"). FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT DURING THE PERIOD OF MARCH 18, 2010 THROUGH FEBRUARY 28, 2014: (A) ON 24 OCCASIONS BETWEEN MARCH 18, 2010 AND JANUARY 8, 2013, CDRG USED THE EXCHANGES' CLEARLY ERRONEOUS PROCESSES TO OBTAIN CANCELLATIONS OF ERRONEOUS CUSTOMER ORDERS THAT THE FIRM'S

SUPERVISORY PROCEDURES AND RISK CONTROLS FAILED TO

REASONABLY DETECT AND PREVENT; (II) IN APRIL 2010, CDRG RELEASED



A TEST VERSION OF A PREVIOUSLY ABANDONED SOFTWARE UPDATE. CAUSING A QUOTING SYSTEM TO SEND AGGRESSIVELY PRICED

MARKETABLE SELL LIMIT ORDERS TO THE EXCHANGES, RESULTING IN A

LARGE, ERRONEOUS SHORT POSITION; (III) IN AUGUST 2011, CDRG RELEASED AN UPDATED VERSION OF ITS ORDER SIZING SOFTWARE THAT CAUSED THE TRADING STRATEGY TO ENTER INTO AN ORDER SENDING AND CANCELLATION LOOP; (IV) ON DECEMBER 13, 2012, CDRG APPLIED INACCURATE MARKET DATA TO THE FIRM'S ORDER BOOK WHEN A FAILURE ASSOCIATED WITH A CDRG DATA SERVER CAUSED CDRG'S

PROPRIETARY TRADING DESK TO SEND ERRONEOUS HYPER-

MARKETABLE LIMIT ORDERS TO THE EXCHANGES; AND (V) CDRG SENT

MILLIONS OF ORDERS TO THE EXCHANGES WITH FEW OR NO EXECUTIONS WHEN, IN CONNECTION WITH A CODE REARRANGEMENT PROJECT COMPLETED IN JANUARY 2014, A CONTROL DESIGNED TO PREVENT CDRG FROM ENTERING ORDERS IN EXCESS OF 200 ORDERS PER SECOND IN A GIVEN SECURITY SYMBOL WAS DEACTIVATED.

THE AWC FOUND THAT CDRG VIOLATED NASDAQ RULES 2110 (FOR CONDUCT OCCURRING PRIOR TO NOVEMBER 21, 2012), 2010A (FOR CONDUCT OCCURRING ON OR AFTER NOVEMBER 21, 2012) AND 3010 (THROUGHOUT THE REVIEW PERIOD), AND RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 (FOR CONDUCT OCCURRING ON OR

AFTER JULY 14, 2011).

THE NASDAQ STOCK MARKET LLC **Initiated By:**

Date Initiated: 06/19/2014

Docket/Case Number: 20100223345-02

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/19/2014

Sanctions Ordered: Censure

Monetary/Fine \$420,000.00

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES AND RISK MANAGEMENT CONTROLS TO ADDRESS THE

DEFICIENCIES DESCRIBED IN THE AWC.



Sanction Details: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY PROCEEDING,

WITHOUT ADMITTING OR DENYING THE FINDINGS, CDRG CONSENTED TO THE ISSUANCE OF THE AWC, RESULTING IN A CENSURE, A FINE IN THE AMOUNT OF \$420,000, AND AN UNDERTAKING TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS TO

ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC.

Firm Statement CDRG SUBMITTED A PROPOSED AWC ON JUNE 4, 2014. NASDAQ

ACCEPTED THE AWC ON JUNE 12, 2014 AND ISSUED A NOTICE OF ACCEPTANCE DATED JUNE 16, 2014, WHICH WAS RECEIVED BY CDRG ON JUNE 19, 2014. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE EXPLAINED ABOVE IN ITEM 12.C. THE FINE WILL BE PAID ONCE NASDAQ INVOICES CDRG FOR THE FINE, AND CDRG IS IN PROCESS OF UPDATING ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT

CONTROLS TO ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC.

Disclosure 52 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REASONABLY PREVENT THE TRANSMISSION OF ERRONEOUS ORDERS TO NASDAQ, BATS EXCHANGE, INC. (BZX), BATS Y-EXCHANGE, INC. (BYX), AND NYSE ARCA, INC. (NYSE ARCA) (THE EXCHANGES). THE FINDINGS STATED THAT THE FIRM'S EQUITY MARKET MAKING DESK FAILED TO PREVENT THE

TRANSMISSION OF ERRONEOUS CUSTOMER ORDERS TO THE

EXCHANGES. TRANSACTIONS RESULTING FROTH THE ERRONEOUS CUSTOMER ORDERS AFFECTED THE PRICE OF EACH SECURITY, IN SOME CASES, DRAMATICALLY. IN EACH INSTANCE, THE FIRM PETITIONED THE EXCHANGES TO CANCEL THE RESULTING EXECUTIONS ON THE GROUND

THAT THE ORDERS WERE CLEARLY ERRONEOUS. MOST OF THE

PETITIONS WERE SUBMITTED ON THE GROUND THAT THE CUSTOMER MISTAKENLY ENTERED A MARKET ORDER OR STOP ORDER INSTEAD OF A

LIMIT ORDER OR STOP LIMIT ORDER. IN MOST INSTANCES, THE

EXCHANGES GRANTED THE FIRM'S PETITIONS, IN WHOLE OR IN PART, AND CANCELED THE TRANSACTIONS RESULTING FROM THE ERRONEOUS ORDERS. THE FIRM RELIED PRIMARILY ON POST-TRADE NOTIFICATIONS FROM THE EXCHANGES, OR IN A FEW INSTANCES, FROM ITS CUSTOMERS,

TO IDENTIFY THE ERRONEOUS CUSTOMER ORDERS AND THE EXECUTIONS RESULTING THEREFROM. THE FIRM MODIFIED A

SIZE/VOLUME CONTROL ON MULTIPLE OCCASIONS, NARROWING ITS PARAMETERS AND ADDING NEW PARAMETERS TO DETECT A BROADER



RANGE OF POTENTIALLY ERRONEOUS ORDERS. NOTWITHSTANDING THESE CHANGES. ERRONEOUS CUSTOMER ORDERS CONTINUED TO PASS THROUGH THIS CONTROL BECAUSE THE ORDERS DID NOT EXCEED THE SIZE AND VOLUME PARAMETERS OR, THE SECURITY OR ORDER TYPE WAS EXCLUDED FROM THIS PRE-TRADE CONTROL'S REVIEW. THE FIRM'S RISK CONTROL PARAMETERS ON THE EQUITY MARKET MAKING DESK WERE INADEQUATE BECAUSE THEY EXCLUDED FROM REVIEW WHOLE CATEGORIES OF SECURITIES SYMBOLS, INCLUDING NASDAQ 100, S&P 100, AND HIGH-VOLUME EXCHANGE-TRADED FUND (ETF) SYMBOLS. THE FINDINGS ALSO STATED THAT THE EQUITY MARKET MAKING DESK ERRONEOUSLY SOLD SHORT, ON A PROPRIETARY BASIS, 2.75 MILLION SHARES OF A STOCK, CAUSING THE SHARE PRICE OF THE STOCK TO FALL BY 77 PERCENT DURING AN 11 MINUTE PERIOD. THE FIRM'S PROFIT AND LOSS SERVER REFLECTED THE LARGE SHORT POSITION ACCUMULATING IN THE STOCK. UPON DISCOVERY OF THIS ACTIVITY, THE FIRM DISABLED THE DESK'S ABILITY TO SEND QUOTES IN THE STOCK. THE ERRONEOUS EXECUTIONS IN THE STOCK WERE TRIGGERED BY AN UPDATE TO PART OF THE FIRM'S TRADING SYSTEM. THE FIRM HAD NO FORMAL WRITTEN POLICIES, PROCEDURES OR CONTROLS IN PLACE TO ADDRESS MODIFICATIONS TO THE FIRM'S TRADING SYSTEMS. QUOTING SYSTEMS. OR ALGORITHMS AT THE TIME OF THIS EVENT. NOR DID THE FIRM ASSIGN AN EMPLOYEE TO CONTINUOUSLY MONITOR THE SYSTEM INVOLVED IN THIS EVENT. THE FINDINGS ALSO INCLUDED THAT THE FIRM SENT MULTIPLE, PERIODIC BURSTS OF ORDER MESSAGES, AT 10,000 ORDERS PER SECOND, TO THE EXCHANGES. NONE OF THE RISK CONTROLS IN FORCE ON THE OPTIONS MARKET MAKING DESK WERE TRIGGERED BY THE MESSAGE BURST EVENTS DUE TO THE BRIEF DURATION, AND SMALL SIZE, OF EACH ORDER. AFTER RECEIVING AN INQUIRY ABOUT THE FIRM'S ORDER ACTIVITY FROM FINRA. THE FIRM MODIFIED ITS TRADING SOFTWARE ON THE OPTIONS MARKET MAKING DESK TO PREVENT RECURRENCE OF THIS ACTIVITY. DUE TO A SOFTWARE CODE MISCONFIGURATION, A CONTROL FAILED TO ACTIVATE WHEN REARRANGED CODE WAS INTRODUCED INTO A PRODUCTION ENVIRONMENT. AS A RESULT, THE FIRM FAILED TO PREVENT THE STRATEGY FROM SENDING MILLIONS OF ORDERS TO THE EXCHANGES WITH FEW OR NO EXECUTIONS. [CONTINUED IN COMMENT]

Initiated By: BATS Y-EXCHANGE, INC.

Date Initiated: 06/16/2014

Docket/Case Number: 2010022334504

Principal Product Type: Equity - OTC

Other Product Type(s):



Principal Sanction(s)/Relief

Sought:

Other

Other Sanction(s)/Relief

Sought:

N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/15/2014

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure

Monetary/Fine \$800,000.00

Other Sanctions Ordered:

OF THE \$800,000 FINE, \$420,000 SHALL BE PAID TO NASDAQ, \$160,000 TO NYSE ARCA, \$100,000 TO BZX, \$70,000 TO BYX, AND \$50,000 TO FINRA; UNDERTAKING: REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS

Sanction Details:

SEE ABOVE

Regulator Statement

[CONTINUED FROM ALLEGATIONS]: A FIRM DATA SERVER DEDICATED TO HANDLING NYSE ARCA MARKET DATA USED BY THE FIRM'S PROPRIETARY TRADING DESK FAILED TO START UP PROPERLY, WHICH CAUSED A FIRM DATA SERVER DEDICATED TO HANDLING NYSE STOCK EXCHANGE LLC MARKET DATA TO CONNECT AND DISSEMINATE NYSE STOCK EXCHANGE LLC MARKET DATA IN ITS PLACE. THE FIRM INCURRED A LOSS OF

EXECUTIONS. THE EXCHANGES GRANTED, IN PART, THE FIRM'S PETITION TO CANCEL THE EXECUTIONS, REDUCING THE FIRM'S LOSS TO \$400,000.

THE FIRM FAILED TO HAVE RISK MANAGEMENT CONTROLS AND

APPROXIMATELY \$1.4 MILLION ON THE RESULTING ERRONEOUS

SUPERVISORY PROCEDURES REASONABLY DESIGNED TO DETECT AND

PREVENT THE ENTRY OF ERRONEOUS ORDERS. BY FAILING TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO: CHECK FOR ORDER ACCURACY; REJECT ORDERS THAT EXCEEDED APPROPRIATE PRICE AND/OR SIZE

PARAMETERS; REJECT DUPLICATIVE ORDERS; AND MONITOR

APPROPRIATE MESSAGE

LEVEL ACTIVITY, INCLUDING MESSAGE ACTIVITY AT THE DESK, FIRM AND MARKET LEVEL, THE FIRM VIOLATED BYX RULES 5.1 AND 5.2, AND SECURITIES EXCHANGE ACT OF 1934 RULE 15C3-5. THE DECISION IS

FINAL ON JULY 15, 2014.



Reporting Source: Firm

Current Status: Final

Allegations:

ON JUNE 19, 2014, CITADEL SECURITIES LLC ("CDRG") WAS NOTIFIED THAT BATS Y-EXCHANGE, INC. ("BYX") AS PART OF A GLOBAL RESOLUTION AMONG SEVERAL SELF-REGULATORY ORGANIZATIONS HAD ACCEPTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT ("AWC") RELATING TO CDRG'S TRANSMISSION OF ERRONEOUS ORDERS TO BYZ, NASDAQ STOCK MARKET LLC, BATS EXCHANGE, INC., AND NYSE ARCA (THE "EXCHANGES"). FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT DURING THE PERIOD OF MARCH 18, 2010 THROUGH FEBRUARY 28, 2014: (A) ON 24 OCCASIONS BETWEEN MARCH 18, 2010 AND JANUARY 8, 2013, CDRG USED THE EXCHANGES' CLEARLY ERRONEOUS PROCESSES TO OBTAIN CANCELLATIONS OF ERRONEOUS CUSTOMER ORDERS THAT THE FIRM'S SUPERVISORY PROCEDURES AND RISK CONTROLS FAILED TO REASONABLY DETECT AND PREVENT; (II) IN APRIL 2010, CDRG RELEASED A TEST VERSION OF A PREVIOUSLY ABANDONED SOFTWARE UPDATE, CAUSING A QUOTING SYSTEM TO SEND AGGRESSIVELY PRICED MARKETABLE SELL LIMIT ORDERS TO THE EXCHANGES, RESULTING IN A LARGE, ERRONEOUS SHORT POSITION; (III) IN AUGUST 2011, CDRG RELEASED AN UPDATED VERSION OF ITS ORDER SIZING SOFTWARE THAT CAUSED THE TRADING STRATEGY TO ENTER INTO AN ORDER SENDING AND CANCELLATION LOOP; (IV) IN JULY 2012 AND NOVEMBER 2012, PRE-ORDER CHECKS IN USE BY CDRG, WHICH WERE DESIGNED TO PREVENT THE ENTRY OF REPETITIVE ORDERS. FAILED TO PREVENT THE TRANSMISSION OF MILLIONS OF REPETITIVE ORDERS TO BZX THAT WERE CANCELLED BEFORE EXECUTION AND WITHIN THE SAME MILLISECOND; (V) ON DECEMBER 13, 2012, CDRG APPLIED INACCURATE MARKET DATA TO THE FIRM'S ORDER BOOK WHEN A FAILURE ASSOCIATED WITH A CDRG DATA SERVER CAUSED CDRG'S PROPRIETARY TRADING DESK TO SEND ERRONEOUS HYPER-MARKETABLE LIMIT ORDERS TO THE EXCHANGES: AND (VI) CDRG SENT MILLIONS OF ORDERS TO THE EXCHANGES WITH FEW OR NO EXECUTIONS WHEN, IN CONNECTION WITH A CODE REARRANGEMENT PROJECT COMPLETED IN JANUARY 2014. A CONTROL DESIGNED TO PREVENT CDRG FROM ENTERING ORDERS IN EXCESS OF 200 ORDERS PER SECOND IN A GIVEN SECURITY SYMBOL WAS DEACTIVATED.

THE AWC FOUND THAT CDRG VIOLATED BYX RULES 5.1 AND 5.2 (FOR CONDUCT OCCURRING BETWEEN MARCH 18, 2010 AND FEBRUARY 28,



2014), AND RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934

(FOR CONDUCT OCCURRING ON OR AFTER JULY 14, 2011).

Initiated By: BATS Y-EXCHANGE, INC.

Date Initiated: 06/19/2014

Docket/Case Number: 20100223345-04

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE AND UNDETAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/19/2014

Sanctions Ordered: Censure

Monetary/Fine \$70,000.00

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES AND RISK MANAGEMENT CONTROLS TO ADDRESS THE

DEFICIENCIES DESCRIBED IN THE AWC.

Sanction Details: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY PROCEEDING.

WITHOUT ADMITTING OR DENYING THE FINDINGS, CDRG CONSENTED TO THE ISSUANCE OF THE AWC, RESULTING IN A CENSURE, A FINE IN THE AMOUNT OF \$70,000, AND AN UNDERTAKING TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS TO

ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC.

Firm Statement CDRG SUBMITTED A PROPOSED AWC ON JUNE 4, 2014. BYZ ACCEPTED

THE AWC ON JUNE 10, 2014 AND ISSUED A NOTICE OF ACCEPTANCE DATED JUNE 16, 2014, WHICH WAS RECEIVED BY CDRG ON JUNE 19, 2014. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE EXPLAINED ABOVE IN ITEM 12.C. THE FINE WAS PAID ON JULY 15, 2014, AND CDRG IS IN PROCESS OF

UPDATING ITS WRITTEN SUPERVISORY PROCEDURES AND RISK

MANAGEMENT CONTROLS TO ADDRESS THE DEFICIENCIES DESCRIBED IN

THE AWC.

Disclosure 53 of 75

Reporting Source: Regulator



Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REASONABLY PREVENT THE TRANSMISSION OF ERRONEOUS ORDERS TO NASDAQ, BATS EXCHANGE, INC. (BZX), BATS Y-EXCHANGE, INC. (BYX), AND NYSE ARCA, INC. (NYSE ARCA) (THE EXCHANGES). THE FINDINGS STATED THAT THE FIRM'S EQUITY MARKET MAKING DESK FAILED TO PREVENT THE TRANSMISSION OF ERRONEOUS CUSTOMER ORDERS TO THE EXCHANGES. TRANSACTIONS RESULTING FROTH THE ERRONEOUS CUSTOMER ORDERS AFFECTED THE PRICE OF EACH SECURITY. IN SOME CASES, DRAMATICALLY. IN EACH INSTANCE, THE FIRM PETITIONED THE EXCHANGES TO CANCEL THE RESULTING EXECUTIONS ON THE GROUND THAT THE ORDERS WERE CLEARLY ERRONEOUS. MOST OF THE PETITIONS WERE SUBMITTED ON THE GROUND THAT THE CUSTOMER MISTAKENLY ENTERED A MARKET ORDER OR STOP ORDER INSTEAD OF A LIMIT ORDER OR STOP LIMIT ORDER. IN MOST INSTANCES. THE EXCHANGES GRANTED THE FIRM'S PETITIONS, IN WHOLE OR IN PART, AND CANCELED THE TRANSACTIONS RESULTING FROM THE ERRONEOUS ORDERS. THE FIRM RELIED PRIMARILY ON POST-TRADE NOTIFICATIONS FROM THE EXCHANGES, OR IN A FEW INSTANCES, FROM ITS CUSTOMERS, TO IDENTIFY THE ERRONEOUS CUSTOMER ORDERS AND THE EXECUTIONS RESULTING THEREFROM. THE FIRM MODIFIED A SIZE/VOLUME CONTROL ON MULTIPLE OCCASIONS, NARROWING ITS PARAMETERS AND ADDING NEW PARAMETERS TO DETECT A BROADER RANGE OF POTENTIALLY ERRONEOUS ORDERS. NOTWITHSTANDING THESE CHANGES, ERRONEOUS CUSTOMER ORDERS CONTINUED TO PASS THROUGH THIS CONTROL BECAUSE THE ORDERS DID NOT EXCEED THE SIZE AND VOLUME PARAMETERS OR. THE SECURITY OR ORDER TYPE WAS EXCLUDED FROM THIS PRE-TRADE CONTROL'S REVIEW. THE FIRM'S RISK CONTROL PARAMETERS ON THE EQUITY MARKET MAKING DESK WERE INADEQUATE BECAUSE THEY EXCLUDED FROM REVIEW WHOLE CATEGORIES OF SECURITIES SYMBOLS, INCLUDING NASDAQ 100, S&P 100. AND HIGH-VOLUME EXCHANGE-TRADED FUND (ETF) SYMBOLS. THE FINDINGS ALSO STATED THAT THE EQUITY MARKET MAKING DESK ERRONEOUSLY SOLD SHORT, ON A PROPRIETARY BASIS, 2.75 MILLION SHARES OF A STOCK, CAUSING THE SHARE PRICE OF THE STOCK TO FALL BY 77 PERCENT DURING AN 11 MINUTE PERIOD. THE FIRM'S PROFIT AND LOSS SERVER REFLECTED THE LARGE SHORT POSITION ACCUMULATING IN THE STOCK. UPON DISCOVERY OF THIS ACTIVITY, THE FIRM DISABLED THE DESK'S ABILITY TO SEND QUOTES IN THE STOCK. THE ERRONEOUS EXECUTIONS IN THE STOCK WERE TRIGGERED BY AN UPDATE TO PART OF THE FIRM'S TRADING SYSTEM. THE FIRM HAD NO FORMAL WRITTEN POLICIES. PROCEDURES OR CONTROLS IN PLACE TO ADDRESS MODIFICATIONS TO THE FIRM'S TRADING SYSTEMS, QUOTING SYSTEMS,



OR ALGORITHMS AT THE TIME OF THIS EVENT. NOR DID THE FIRM ASSIGN AN EMPLOYEE TO CONTINUOUSLY MONITOR THE SYSTEM INVOLVED IN THIS EVENT. THE FINDINGS ALSO INCLUDED THAT THE FIRM SENT MULTIPLE, PERIODIC BURSTS OF ORDER MESSAGES, AT 10,000 ORDERS PER SECOND, TO THE EXCHANGES. NONE OF THE RISK CONTROLS IN FORCE ON THE OPTIONS MARKET MAKING DESK WERE TRIGGERED BY THE MESSAGE BURST EVENTS DUE TO THE BRIEF DURATION, AND SMALL SIZE, OF EACH ORDER. AFTER RECEIVING AN INQUIRY ABOUT THE FIRM'S ORDER ACTIVITY FROM FINRA, THE FIRM MODIFIED ITS TRADING SOFTWARE ON THE OPTIONS MARKET MAKING DESK TO PREVENT RECURRENCE OF THIS ACTIVITY. DUE TO A SOFTWARE CODE MISCONFIGURATION, A CONTROL FAILED TO ACTIVATE WHEN REARRANGED CODE WAS INTRODUCED INTO A PRODUCTION ENVIRONMENT. AS A RESULT, THE FIRM FAILED TO PREVENT THE STRATEGY FROM SENDING MILLIONS OF ORDERS TO THE EXCHANGES WITH FEW OR NO EXECUTIONS. [CONTINUED IN COMMENT]

Initiated By: BATS Z-EXCHANGE, INC.

Date Initiated: 06/16/2014

Docket/Case Number: 2010022334503

Principal Product Type:

Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other

Other Sanction(s)/Relief

Sought:

N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/15/2014

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered: Censure

Monetary/Fine \$800,000.00

Other Sanctions Ordered: OF THE \$800,000 FINE, \$420,000 SHALL BE PAID TO NASDAQ, \$160,000 TO

NYSE ARCA, \$100,000 TO BZX, \$70,000 TO BYX, AND \$50,000 TO FINRA; UNDERTAKING: REQUIRED TO REVISE ITS WRITTEN SUPERVISORY

PROCEDURES AND RISK MANAGEMENT CONTROLS



Sanction Details: SEE ABOVE

Regulator Statement [CONTINUED FROM ALLEGATIONS]: A FIRM DATA SERVER DEDICATED TO

HANDLING NYSE ARCA MARKET DATA USED BY THE FIRM'S PROPRIETARY TRADING DESK FAILED TO START UP PROPERLY, WHICH CAUSED A FIRM DATA SERVER DEDICATED TO HANDLING NYSE STOCK EXCHANGE LLC MARKET DATA TO CONNECT AND DISSEMINATE NYSE STOCK EXCHANGE

LLC MARKET DATA IN ITS PLACE. THE FIRM INCURRED A LOSS OF APPROXIMATELY \$1.4 MILLION ON THE RESULTING ERRONEOUS

EXECUTIONS. THE EXCHANGES GRANTED, IN PART, THE FIRM'S PETITION TO CANCEL THE EXECUTIONS, REDUCING THE FIRM'S LOSS TO \$400,000.

THE FIRM FAILED TO HAVE RISK MANAGEMENT CONTROLS AND

SUPERVISORY PROCEDURES REASONABLY DESIGNED TO DETECT AND

PREVENT THE ENTRY OF ERRONEOUS ORDERS. BY FAILING TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING SUPERVISORY PROCEDURES AND RISK MANAGEMENT

CONTROLS REASONABLY DESIGNED TO: CHECK FOR ORDER ACCURACY; REJECT ORDERS THAT EXCEEDED APPROPRIATE PRICE AND/OR SIZE

PARAMETERS; REJECT DUPLICATIVE ORDERS; AND MONITOR

APPROPRIATE MESSAGE

LEVEL ACTIVITY, INCLUDING MESSAGE ACTIVITY AT THE DESK, FIRM AND

MARKET LEVEL, THE FIRM VIOLATED BZX RULES 5.1 AND 5.2, AND SECURITIES EXCHANGE ACT OF 1934 RULE 15C3-5. THE DECISION IS

FINAL ON JULY 15, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: ON JUNE 19, 2014, CITADEL SECURITIES LLC ("CDRG") WAS NOTIFIED THAT

BATS EXCHANGE, INC. ("BZX") AS PART OF A GLOBAL RESOLUTION AMONG SEVERAL SELF-REGULATORY ORGANIZATIONS, HAD ACCEPTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT ("AWC") RELATING TO CDRG'S TRANSMISSION OF ERPONEOUS ORDERS TO BZY, MASDAO STOCK

TRANSMISSION OF ERRONEOUS ORDERS TO BZX, NASDAQ STOCK MARKET LLC, BATS Y-EXCHANGE, INC., AND NYSE ARCA (THE

"EXCHANGES"). FOR THE SOLE PURPOSE OF SETTLING THIS

DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT DURING THE PERIOD OF MARCH 18, 2010 THROUGH FEBRUARY 28, 2014: (A) ON 24 OCCASIONS BETWEEN MARCH 18, 2010 AND JANUARY 8, 2013, CDRG USED THE

EXCHANGES' CLEARLY ERRONEOUS PROCESSES TO OBTAIN

CANCELLATIONS OF ERRONEOUS CUSTOMER ORDERS THAT THE FIRM'S

SUPERVISORY PROCEDURES AND RISK CONTROLS FAILED TO

REASONABLY DETECT AND PREVENT; (II) IN APRIL 2010, CDRG RELEASED



A TEST VERSION OF A PREVIOUSLY ABANDONED SOFTWARE UPDATE. CAUSING A QUOTING SYSTEM TO SEND AGGRESSIVELY PRICED MARKETABLE SELL LIMIT ORDERS TO THE EXCHANGES, RESULTING IN A LARGE, ERRONEOUS SHORT POSITION; (III) IN AUGUST 2011, CDRG RELEASED AN UPDATED VERSION OF ITS ORDER SIZING SOFTWARE THAT CAUSED THE TRADING STRATEGY TO ENTER INTO AN ORDER SENDING AND CANCELLATION LOOP; (IV) IN JULY 2012 AND NOVEMBER 2012, PRE-ORDER CHECKS IN USE BY CDRG, WHICH WERE DESIGNED TO PREVENT THE ENTRY OF REPETITIVE ORDERS, FAILED TO PREVENT THE TRANSMISSION OF MILLIONS OF REPETITIVE ORDERS TO BZX THAT WERE CANCELLED BEFORE EXECUTION AND WITHIN THE SAME MILLISECOND: (V) ON DECEMBER 13, 2012, CDRG APPLIED INACCURATE MARKET DATA TO THE FIRM'S ORDER BOOK WHEN A FAILURE ASSOCIATED WITH A CDRG DATA SERVER CAUSED CDRG'S PROPRIETARY TRADING DESK TO SEND ERRONEOUS HYPER-MARKETABLE LIMIT ORDERS TO THE EXCHANGES; AND (VI) CDRG SENT MILLIONS OF ORDERS TO THE EXCHANGES WITH FEW OR NO EXECUTIONS WHEN, IN CONNECTION WITH A CODE REARRANGEMENT PROJECT COMPLETED IN JANUARY 2014, A CONTROL DESIGNED TO PREVENT CDRG FROM ENTERING ORDERS IN EXCESS OF 200 ORDERS PER SECOND IN A GIVEN SECURITY SYMBOL WAS DEACTIVATED.

THE AWC FOUND THAT CDRG VIOLATED BZX RULES 5.1 AND 5.2 (FOR CONDUCT OCCURRING BETWEEN MARCH 18, 2010 AND FEBRUARY 28, 2014), AND RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 (FOR CONDUCT OCCURRING ON OR AFTER JULY 14, 2011).

Initiated By: BATS EXCHANGE, INC.

Date Initiated: 06/19/2014

Docket/Case Number: 20100223345-03

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/19/2014

Sanctions Ordered: Censure

Monetary/Fine \$100,000.00



Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES AND RISK MANAGEMENT CONTROLS TO ADDRESS THE

DEFICIENCIES DESCRIBED IN THE AWC.

Sanction Details: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY PROCEEDING,

WITHOUT ADMITTING OR DENYING THE FINDINGS, CDRG CONSENTED TO THE ISSUANCE OF THE AWC, RESULTING IN A CENSURE, A FINE IN THE AMOUNT OF \$100,000, AND AN UNDERTAKING TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS TO

ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC.

Firm Statement CDRG SUBMITTED A PROPOSED AWC ON JUNE 4, 2014. BZX ACCEPTED

THE AWC ON JUNE 10, 2014 AND ISSUES A NOTICE OF ACCEPTANCE DATED JUNE 16, 2014, WHICH WAS RECEIVED BY CDRG ON JUNE 19, 2014. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE EXPLAINED ABOVE IN ITEM 12.C. THE FINE WAS PAID ON JULY 15, 2014, AND CDRG IS IN PROCESS OF

UPDATING ITS WRITTEN SUPERVISORY PROCEDURES AND RISK

MANAGEMENT CONTROLS TO ADDRESS THE DEFICIENCIES DESCRIBED IN

THE AWC.

Disclosure 54 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM FAILED TO REASONABLY PREVENT THE TRANSMISSION OF ERRONEOUS ORDERS TO NASDAQ, BATS EXCHANGE, INC, (BZX), BATS Y-EXCHANGE, INC. (BYX), AND NYSE ARCA, INC, (NYSE ARCA) (THE EXCHANGES). THE FINDINGS STATED THAT THE FIRM'S EQUITY MARKET MAKING DESK FAILED TO PREVENT THE TRANSMISSION OF ERRONEOUS CUSTOMER ORDERS TO THE EXCHANGES. TRANSACTIONS RESULTING FROM THE ERRONEOUS CUSTOMER ORDERS AFFECTED THE PRICE OF EACH

SECURITY, IN SOME CASES, DRAMATICALLY. IN EACH INSTANCE, THE FIRM PETITIONED THE EXCHANGES TO CANCEL THE RESULTING EXECUTIONS ON THE GROUND THAT THE ORDERS WERE CLEARLY ERRONEOUS. MOST

OF THE PETITIONS WERE SUBMITTED ON THE GROUND THAT THE CUSTOMER MISTAKENLY ENTERED A MARKET ORDER OR STOP ORDER INSTEAD OF A LIMIT ORDER OR STOP LIMIT ORDER. IN MOST INSTANCES, THE EXCHANGES GRANTED THE FIRM'S PETITIONS, IN WHOLE OR IN PART, AND CANCELED THE TRANSACTIONS RESULTING FROM THE ERRONEOUS ORDERS. THE FIRM RELIED PRIMARILY ON POST-TRADE NOTIFICATIONS FROM THE EXCHANGES. OR IN A FEW INSTANCES. FROM ITS CUSTOMERS.

TO IDENTIFY THE ERRONEOUS CUSTOMER ORDERS AND THE



EXECUTIONS RESULTING THEREFROM. THE FIRM MODIFIED THE SIZE/VOLUME RISK CONTROL ON MULTIPLE OCCASIONS. NARROWING ITS PARAMETERS AND ADDING NEW PARAMETERS TO DETECT A BROADER RANGE OF POTENTIALLY ERRONEOUS ORDERS. NOTWITHSTANDING THESE CHANGES, ERRONEOUS CUSTOMER ORDERS CONTINUED TO PASS THROUGH THIS CONTROL BECAUSE THE ORDERS DID NOT EXCEED THE SIZE AND VOLUME PARAMETERS OR, THE SECURITY OR ORDER TYPE WAS EXCLUDED FROM THIS PRE-TRADE CONTROL'S REVIEW. THE FIRM'S RISK CONTROL PARAMETERS ON THE EQUITY MARKET MAKING DESK WERE INADEQUATE BECAUSE THEY EXCLUDED FROM REVIEW WHOLE CATEGORIES OF SECURITIES SYMBOLS. INCLUDING NASDAQ 100, S&P 100, AND HIGH-VOLUME EXCHANGE-TRADED FUND (ETF) SYMBOLS. THE FINDINGS ALSO STATED THAT THE EQUITY MARKET MAKING DESK ERRONEOUSLY SOLD SHORT, ON A PROPRIETARY BASIS, 2.75 MILLION SHARES OF A STOCK, CAUSING THE SHARE PRICE TO FALL BY 77 PERCENT DURING AN 11 MINUTE PERIOD. THE FIRM'S PROFIT AND LOSS SERVER REFLECTED THE LARGE SHORT POSITION ACCUMULATING IN THE STOCK. UPON DISCOVERY OF THIS ACTIVITY, THE FIRM DISABLED THE DESK'S ABILITY TO SEND QUOTES IN THE STOCK. THE ERRONEOUS EXECUTIONS IN THE STOCK WERE TRIGGERED BY AN UPDATE TO PART OF THE FIRM'S TRADING SYSTEM. THE FIRM HAD NO FORMAL WRITTEN POLICIES, PROCEDURES OR CONTROLS IN PLACE TO ADDRESS MODIFICATIONS TO THE FIRM'S TRADING SYSTEMS, QUOTING SYSTEMS, OR ALGORITHMS AT THE TIME OF THIS EVENT. NOR DID THE FIRM ASSIGN AN EMPLOYEE TO CONTINUOUSLY MONITOR THE SYSTEM INVOLVED IN THIS EVENT. THE FINDINGS ALSO INCLUDED THAT THE FIRM SENT MULTIPLE, PERIODIC BURSTS OF ORDER MESSAGES, AT 10,000 ORDERS PER SECOND, TO THE EXCHANGES. NONE OF THE RISK CONTROLS IN FORCE ON THE OPTIONS MARKET MAKING DESK WERE TRIGGERED BY THE MESSAGE BURST EVENTS DUE TO THE BRIEF DURATION. AND SMALL SIZE, OF EACH ORDER. AFTER RECEIVING AN INQUIRY ABOUT THE FIRM'S ORDER ACTIVITY FROM FINRA, THE FIRM MODIFIED ITS TRADING SOFTWARE ON THE OPTIONS MARKET MAKING DESK TO PREVENT RECURRENCE OF THIS ACTIVITY. FINRA FOUND THAT A FIRM DATA SERVER DEDICATED TO HANDLING NYSE ARCA MARKET DATA USED BY THE FIRM'S PROPRIETARY TRADING DESK FAILED TO START UP PROPERLY. THIS FAILURE CAUSED A FIRM DATA SERVER DEDICATED TO HANDLING NYSE STOCK EXCHANGE LLC MARKET DATA TO CONNECT AND DISSEMINATE NYSE STOCK EXCHANGE LLC MARKET DATA IN ITS PLACE. THE FIRM INCURRED A LOSS OF APPROXIMATELY \$1.4 MILLION ON THE RESULTING ERRONEOUS EXECUTIONS. THE EXCHANGES GRANTED, IN PART, THE FIRM'S PETITION TO CANCEL THE EXECUTIONS, REDUCING THE FIRM'S LOSS TO \$400,000. THE FIRM FAILED TO HAVE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO DETECT AND PREVENT THE ENTRY OF ERRONEOUS ORDERS.



Initiated By: FINRA

Date Initiated: 06/16/2014

Docket/Case Number: 2010022334505

Principal Product Type:
Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Equity - OTC

Resolution Date: 06/16/2014

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

deceptive conduct:

Sanctions Ordered: Censure

Monetary/Fine \$800,000.00

Other Sanctions Ordered: OF THE \$800,000 FINE, \$420,000 SHALL BE PAID TO NASDAQ, \$160,000 TO

NYSE ARCA, \$100,000 TO BZX, \$70,000 TO BYX, AND \$50,000 TO FINRA; UNDERTAKING: REQUIRED TO REVISE ITS WRITTEN SUPERVISORY

PROCEDURES AND RISK MANAGEMENT CONTROLS

Sanction Details: SEE ABOVE FOR THE SANCTION DETAILS-

FINRA'S \$50,000 FINE PAID IN FULL ON JULY 7, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: ON JUNE 19, 2014, THE FINANCIAL INDUSTRY REGULATORY AUTHORITY

("FINRA"), AS PART OF A GLOBAL RESOLUTION AMONG SEVERAL SELF-REGULATORY ORGANIZATIONS, NOTIFIED CITADEL SECURITIES LLC (CDRG") THAT IT HAD ACCEPTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT ("AWC") RELATING TO CDRG'S TRANSMISSION OF ERRONEOUS ORDERS TO THE NASDAQ STOCK MARKET LLC, BATS EXCHANGE, INC., BATS Y-EXCHANGE, INC., AND NYSE ARCA (THE "EXCHANGES"). FOR THE



SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT DURING THE PERIOD OF MARCH 18, 2010 THROUGH JANUARY 8, 2013: (A) ON 24 OCCASIONS BETWEEN MARCH 18, 2010 AND JANUARY 8, 2013, CDRG USED THE EXCHANGES' CLEARLY ERRONEOUS PROCESSES TO OBTAIN CANCELLATIONS OF ERRONEOUS CUSTOMER ORDERS THAT THE FIRM'S SUPERVISORY PROCEDURES AND RISK CONTROLS FAILED TO REASONABLY DETECT AND PREVENT; (II) IN APRIL 2010, CDRG RELEASED A TEST VERSION OF A PREVIOUSLY ABANDONED SOFTWARE UPDATE, CAUSING A QUOTING SYSTEM TO SEND AGGRESSIVELY PRICED MARKETABLE SELL LIMIT ORDERS TO THE EXCHANGES, RESULTING IN A LARGE, ERRONEOUS SHORT POSITION; (III) IN AUGUST 2011, CDRG RELEASED AN UPDATED VERSION OF ITS ORDER SIZING SOFTWARE THAT CAUSED THE TRADING STRATEGY TO ENTER INTO AN ORDER SENDING AND CANCELLATION LOOP; AND (IV) ON DECEMBER 13, 2012, CDRG APPLIED INACCURATE MARKET DATA TO THE FIRM'S ORDER BOOK WHEN A FAILURE ASSOCIATED WITH A CDRG DATA SERVER CAUSED CDRG'S PROPRIETARY TRADING DESK TO SEND ERRONEOUS HYPER-MARKETABLE LIMIT ORDERS TO THE EXCHANGES.

THE AWC FOUND THAT CDRG VIOLATED FINRA RULE 2010 AND NASD RULE 3010 (FOR CONDUCT OCCURRING BETWEEN MARCH 18, 2010 AND JANUARY 8, 2013) AND RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 (FOR CONDUCT OCCURRING ON OR AFTER JULY 14, 2011)"

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 06/19/2014

Docket/Case Number: 20100223345-05

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/19/2014

Sanctions Ordered: Censure

Monetary/Fine \$50,000.00

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY



PROCEDURES AND RISK MANAGEMENT CONTROLS TO ADDRESS THE

DEFICIENCIES DESCRIBED IN THE AWC.

Sanction Details: FOR THE SOLE PURPOSE OF SETTLING THE DISCIPLINARY PROCEEDING,

WITHOUT ADMITTING OR DENYING THE FINDINGS, CDRG CONSENTED TO THE ISSUANCE OF THE AWC, RESULTING IN A CENSURE, A FINE IN THE AMOUNT OF \$50,000, AND AN UNDERTAKING TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND RISK MANAGEMENT CONTROLS TO

ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC.

Firm Statement CDRG SUBMITTED A PROPOSED AWC ON JUNE 4, 2014. FINRA ACCEPTED

THE AWC ON JUNE 12, 2014 AND ISSUED A NOTICE OF ACCEPTANCE DATED JUNE 16, 2014, WHICH WAS RECEIVED BY CDRG ON JUNE 19, 2014. THE RELEVANT FINDINGS IN THE AWC ARE DESCRIBED ABOVE IN ITEM 7. THE SANCTIONS IMPOSED BY THE AWC ARE EXPLAINED ABOVE IN ITEM 12.C. THE FINE WAS PAID ON JULY 7, 2014 AND CDRG IS IN PROCESS OF

UPDATING ITS WRITTEN SUPERVISORY PROCEDURES AND RISK

MANAGEMENT CONTROLS TO ADDRESS THE DEFICIENCIES DESCRIBED IN

THE AWC.

Disclosure 55 of 75

Reporting Source: Firm

Current Status: Final

Allegations: CBOE ISSUED A \$4,000 SUMMARY FINE TO THE APPLICANT FOR FAILING TO

ENSURE THE TIMELY INITIATION OF A TRADING ROTATION FOLLOWING THE OPENING OF THE UNDERLYING SECURITY IN A SUB-SET OF ITS ASSIGNED DESIGNATED PRIMARY MARKET MAKER NAMES ON 10

BUSINESS DAYS DURING FEBRUARY 2014.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 03/19/2014

Docket/Case Number: N/A

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Other

Sought:

Other Sanction(s)/Relief

Sought:

SUMMARY FINE

Resolution: Other

Resolution Date: 03/19/2014



Sanctions Ordered: Monetary/Fine \$4,000.00

Other Sanctions Ordered:

Sanction Details: A \$4,000.00 SUMMARY FINE WHICH WILL

Firm Statement N/A

Disclosure 56 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: NYSE RULE 342: DURING THE RELEVANT PERIOD, THE FIRM PARTICIPATED

IN THE NYSE'S SUPPLEMENTAL LIQUIDITY PROVIDER (SLP) PROGRAM. AS A SLP, THE FIRM PROVIDED LIQUIDITY IN ITS ASSIGNED SECURITIES BY ELECTRONICALLY ENTERING RESTING ORDERS INTO THE SYSTEMS AND FACILITIES OF THE NYSE. THE FIRM'S ELECTRONIC MARKET MAKING DESK (ELMM) IS THE TRADING DESK THAT SENT ORDERS TO THE NYSE DURING

THE RELEVANT PERIOD IN THE FIRM'S CAPACITY AS A SLP. ELMM'S

ORDERS WERE ELECTRONICALLY GENERATED BY SEPARATE

ALGORITHMIC TRADING STRATEGIES. OVER THE RELEVANT PERIOD, ELMM EMPLOYED A NUMBER OF SEPARATE TRADING STRATEGIES, EACH

OF WHICH GENERATED ORDERS INDEPENDENTLY. DURING THE RELEVANT PERIOD, APPROXIMATELY 502,243 SLP ORDERS THE FIRM ENTERED THROUGH ONE OF ITS ALGORITHMS CONDUCTING SLP

ACTIVITY IN THE ELMM TRADING DESK RESULTED IN EXECUTIONS ON THE

NYSE AGAINST OTHER SLP ORDERS ENTERED BY SEPARATE

ALGORITHMS ON THE SAME TRADING DESK ON THE OPPOSITE SIDE OF THE MARKET. THE FIRM BUILT ITS SELF-TRADE CONTROLS INTO ITS TRADING SOFTWARE TO PREVENT THE SAME ALGORITHM IN THE ELMM DESK FROM HAVING OPEN ORDERS ON BOTH SIDES OF THE MARKET THAT WOULD RESULT IN AN EXECUTION BY DETERMINING IF THE ALGORITHM HAD OUTSTANDING SELL (BUY) ORDERS AT THE SAME OR

LOWER (HIGHER) PRICE THAN THE BUY (SELL) ORDER BEING

EXECUTIONS THAT HAVE PARTICIPATED IN A DISPLAY BOOK

GENERATED. HOWEVER, THE FIRM DID NOT HAVE SPECIFIC CONTROLS TO PREVENT SELF-TRADES ACROSS DIFFERENT ALGORITHMS IN THE ELMM DESK, WHICH IS WHAT OCCURRED IN THIS MATTER. BEGINNING, AT SOME POINT IN THE PERIOD, THE FIRM UTILIZED A SELF-MATCH REPORT WHICH IDENTIFIES INSTANCES IN WHICH ELMM'S BUY AND SELL ORDERS CROSS AND SHARE THE SAME DBK LINK ID. THE DBK LINK ID, WHICH IS PROVIDED BY THE NYSE TO FIRMS, IS A UNIQUE IDENTIFIER ASSIGNED AT THE POINT OF SALE, WHICH IS USED TO LINK ALL BUYER AND SELLER

TRANSACTION. WHILE THE SELF MATCH REPORT WAS REVIEWED ON A DAILY BASIS BY AN ELMM SUPERVISOR TO DETERMINE WHETHER THE



IDENTIFIED CROSSED TRADES WERE EXCESSIVE OR POTENTIALLY

MANIPULATIVE, AS A RESULT OF LIMITATIONS TO THE REPORT, IT WAS NOT

CAPABLE OF REASONABLY PREVENTING SLP TRADES ACROSS SLP ALGORITHMS THAT RESULTED IN NO CHANGE OF BENEFICIAL

OWNERSHIP.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 01/09/2014

Docket/Case Number: 2012033045801

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 01/09/2014

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$115,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;

THEREFORE, THE FIRM IS CENSURED AND FINED \$115,000.

IN DETERMINING TO RESOLVE THIS MATTER ON THE TERMS SET FORTH HEREIN, MARKET REGULATION TOOK INTO CONSIDERATION THAT, ON APRIL 10, 2013, THE NYSE INTRODUCED A NEW SELF-TRADE PREVENTION (STP) MODIFIER TO ENABLE FIRMS TO BETTER MANAGE THEIR ORDER FLOW AND PREVENT UNINTENDED EXECUTIONS WITH THEMSELVES. ON THAT DATE, THE FIRM BEGAN TO AVAIL ITSELF OF THE NYSE STP FOR THE

FIRM'S SLP ACTIVITY.

Regulator Statement OTHER ASSOCIATED CASE NUMBERS ARE 20130354720 & 20130382690



Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

WITHOUT AUDJICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT, DURING THE PERIOD JANUARY 2010 THROUGH APRIL

2013, IT VIOLATED NYSE RULE 342 IN ITS CAPACITY AS A NYSE SUPPLEMENTAL LIQUIDITY PROVIDER, BY FAILING TO MAINTAIN

SUPERVISORY PROCEDURES, INCLUDING A SYSTEM OF FOLLOW-UP AND REVIEW, THAT WERE REASONABLY DESIGNED TO DETECT AND PREVENT

POTENTIALLY VIOLATIVE WASH TRADING ACTIVITY.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY ON BEHALF OF NEW

Civil and Administrative Penalt(ies) /Fine(s)

YORK STOCK EXCHANGE

Date Initiated: 01/07/2014

Docket/Case Number: 20120330458-01

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/07/2014

Sanctions Ordered: Censure

Monetary/Fine \$115,000.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE AND AGREED TO PAY A

\$115,000 FINE, WHICH WAS PAID ON JANUARY 22, 2014.

Firm Statement CITADEL SECURITIES EXECUTED AND SUBMITTED AN AWC, WHICH WAS

ACCEPTED ON JANUARY 7, 2014. CITADEL SECURITIES CONSENTED TO A CENSURE AND AGREED TO PAY A \$115,000 FINE, WHICH WAS PAID ON

JANUARY 22, 2014.

Disclosure 57 of 75



Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 5260, NASD RULE 3340 - CITADEL SECURITIES LLC EFFECTED

TRANSACTIONS DURING NUMEROUS TRADING HALTS. IN EACH INSTANCE, THE FIRM EFFECTED A TRANSACTION IN A SECURITY WHILE A TRADING

HALT WAS IN EFFECT FOR SUCH SECURITY. THE FIRM EFFECTED

TRANSACTIONS IN A SECURITY WHILE A TRADING PAUSE WAS IN EFFECT

WITH RESPECT TO THE SECURITY.

Initiated By: FINRA

Date Initiated: 12/23/2013

Docket/Case Number: 2011029287501

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Nο

Resolution Date: 12/23/2013

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$30,000. FINE PAID IN

FULL ON JANUARY 13, 2014.

Reporting Source: Firm

Current Status: Final



Allegations: FINRA FOUND THAT DURING THE PERIOD JANUARY 1, 2009 THROUGH

Civil and Administrative Penalt(ies) /Fine(s)

DECEMBER 1, 2011 THE APPLICANT EFFECTED 364 TRANSACTIONS IN 64 SECURITIES WHILE A TRADING HALT WAS IN EFFECT WITH RESPECT TO EACH OF THE SECURITIES IN VIOLATION OF NASD RULE 3340 (FOR CONDUCT OCCURRING PRIOR TO DECEMBER 14, 2009) AND FINRA RULE 5260 (FOR CONDUCT OCCURRING ON OR AFTER DECEMBER 14, 2009).

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 12/20/2013

Docket/Case Number: 20110292875-01

Principal Product Type: Equity Listed (Common & Preferred Stock)

CENSURE

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/20/2013

Sanctions Ordered: Censure

Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE AND AGREED TO PAY A

\$30,000 FINE, WHICH WAS PAID ON JANUARY 13, 2014.

Firm Statement CITADEL SECURITIES EXECUTED AND SUBMITTED AN AWC, WHICH WAS

ACCEPTED ON DECEMBER 20, 2013. CITADEL SECURITIES CONSENTED TO A CENSURE AND AGREED TO PAY A \$30,000 FINE. WHICH WAS PAID ON

JANUARY 13, 2014.

Disclosure 58 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL SECURITIES LLC ("CITADEL"), AN EXCHANGE PERMIT HOLDER

APPROVED TO CONDUCT BUSINESS AS A MARKET-MAKER, WAS

CENSURED AND FINED \$10,000 FOR THE FOLLOWING CONDUCT. CITADEL

SUBMITTED RESPONSES TO COA ON 6,350 OCCASIONS, RECEIVING

EXECUTION ON 1,085 CONTRACTS, IN OPTIONS CLASSES IN WHICH IT DID



NOT HOLD AN APPOINTMENT. IN ADDITION, CITADEL FAILED TO SUPERVISE TO ASSURE COMPLIANCE WITH EXCHANGE RULE 6.13 IN ORDER TO PREVENT CITADEL FROM SUBMITTING RESPONSES TO COA IN OPTIONS CLASSES IN WHICH IT DID NOT HOLD AN APPOINTMENT. (C2

RULES 4.2 - ADHERENCE TO LAW AND 6.13 - COMPLEX ORDER

EXECUTION)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 10/24/2013

Docket/Case Number: C2 13-0001

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

()

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 04/29/2014

Sanctions Ordered: Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: A \$10,000 FINE AND A CENSURE.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING,

Civil and Administrative Penalt(ies) /Fine(s)

WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, APPLICANT STIPULATED THAT, DURING THE PERIOD NOVMBER 2011 THROUGH IN OR ABOUT FEBRUARY 2012, AND FROM IN OR ABOUT SEPTEMBER 2012

THROUGH IN OR ABOUT DECEMBER 2012, IT VIOLATED C2 RULE 6.13 IN ITS CAPACITY AS A C2 MARKET MAKER BY RESPONDING TO THE C2 COMPLEX

ORDER AUCTION ON 6,350 OCCASIONS IN THE VXX OPTIONS CLASS, RESULTING IN THE EXECUTION OF 1,085 CONTRACTS, WHILE THE

APPLICANT DID NOT HOLD AN APPOINTMENT IN THE VXX OPTIONS CLASS

ON THE C2. ADDITIONALLY, DURING THE SAME TIME PERIOD THE APPLICANT VIOALTED C2 RULE 4.2 IN THAT IT FAILED TO SUPERVISE TO



ASSURE COMPLIANCE WITH EXCHANGE RULE 6.13.

Initiated By: C2 OPTIONS EXCHANGE, INC.

Date Initiated: 12/04/2013

Docket/Case Number: C2 13-0001

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 04/29/2014

Sanctions Ordered: Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: APPLICANT CONSENTED TO A CENSURE AND AGREED TO PAY A \$10,000

FINE, WHICH WAS PAID ON MAY 12, 2014.

Firm Statement APPLICANT EXECUTED AND SUBMITTED AN OFFER OF SETTLEMENT.

WHICH WAS ACCEPTED ON APRIL 29, 2014. APPLICANT CONSENTED TO A CENSURE AND AGREED TO PAY A \$10,000 FINE, WHICH WAS PAID ON MAY

12, 2014.

Disclosure 59 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: NYSE ARCA EQUITIES RULE 7.33: THE FIRM FAILED TO USE THE CORRECT

CODE INDICATING THE CAPACITY OF 558,107 PROPRIETARY ORDERS WHEN ROUTING THOSE ORDERS TO NYSE ARCA. THE FIRM FAILED TO USE THE CORRECT CODE INDICATING THE CAPACITY OF 60,069,462 PROPRIETARY ORDERS WHEN ROUTING THOSE ORDERS TO NYSE ARCA.

FOR THE FOREGOING REASONS, THE FIRM VIOLATED NYSE AREA

EQUITIES RULE 7.33 DURING THE TWO RELEVANT PERIODS.

Initiated By: NYSE ARCA, INC.

Date Initiated: 10/08/2013



Docket/Case Number: 20110279854

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/08/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure

Monetary/Fine \$60,000.00

Other Sanctions Ordered:

Sanction Details: A FINRA HEARING OFFICER CONSIDERED AN OFFER OF SETTLEMENT AND

CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE

REGULATION, INC. AND THE FIRM. WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, THE HEARING OFFICER ACCEPTED THE OFFER OF SETTLEMENT AND CONSENT AND ISSUED A DECISION; THEREFORE, THE FIRM IS CENSURED AND FINED A TOTAL OF \$60,000 (\$15,000 FOR THE 558,107 VIOLATIONS RELATED TO MATTER NUMBER 20110279854, AND \$45,000 FOR THE 60,069,462 VIOLATIONS RELATED TO MATTER NUMBER 20120327758). THE SANCTIONS SHALL TAKE EFFECT IMMEDIATELY. THE FINE MUST BE PAID WITHIN 30 DAYS OF THE DATE OF

THIS DECISION OR THE FIRM MAY FACE SUSPENSION.

Regulator Statement OTHER CASE NUMBERS: 20120327758, 13-ARCA-22,

Reporting Source: Firm

Current Status: Final

Allegations: NYSE ARCA FOUND THAT CITADEL SECURITIES LLC FAILED TO USE THE

CORRECT CAPACITY CODE ON A PORTION OF ORDERS ROUTED TO NYSE ARCA AS REQUIRED BY NYSE ARCA EQUITIES RULE 7.33 DURING TWO

SEPARATE TIME PERIODS.



Initiated By: NYSE ARCA EQUITIES

Date Initiated: 10/08/2013

Docket/Case Number: 20110279854

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/08/2013

Sanctions Ordered: Censure

Monetary/Fine \$60,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT CONSENTED TO A CENSURE AND AGREED TO PAY A

\$60,000.00 FINE. THE APPLICANT PAID THE FINE ON OCTOBER 11, 2013.

Firm Statement NYSE ARCA FOUND THAT CITADEL SECURITIES LLC FAILED TO USE THE

CORRECT CAPACITY CODE ON A PORTION OF ORDERS ROUTED TO THE NYSE ARCA EQUITIES EXCHANGE AS REQUIRED BY NYSE ARCA EQUITIES RULE 7.33 DURING THE TIME PERIODS OF JANUARY 1, 2007 THROUGH DECEMBER 12, 2012, AND SEPTEMBER 1, 2012 THROUGH MAY 31, 2012. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, CITADEL SECURITIES ENTERED INTO AN OFFER OF SETTLEMENT AND CONSENT, WHICH WAS ACCEPTED BY NYSE ARCA ON OCTOBER 8, 2013. CITADEL SECURITIES CONSENTED TO A CENSURE AND AGREED TO PAY A

\$60,000 FINE, WHICH WAS PAID ON OCTOBER 11, 2013.

Disclosure 60 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULES 2010, 6380A, 7450, NASD RULE 3010 - CITADEL SECURITIES

LLC TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS)
THAT OMITTED SPECIAL HANDLING CODES OR CONTAINED INACCURATE
SPECIAL HANDLING CODES. THE FIRM INCORRECTLY DESIGNATED AS
".PRP" TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) LAST
SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE



FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR FINRA RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR ADEQUATE WSPS IN TRADE REPORTING (ACCURATE AND TIMELY REPORTING): ACCEPTING MATCHING TRADES IN A TIMELY MANNER; REPORTING TRADES ON MEMBER'S BEHALF; OATS (ACCURACY OF OATS DATA); OTHER RULES (SUB-PENNY ORDERS W/.01, SUB-PENNY ORDERS W/.0001); USE OF MULTIPLE MARKET PARTICIPANT IDENTIFIERS (USE OF MPIDS, MPID ACCESS, MPID ACTIVITY); AND SALE TRANSACTIONS FOR A PARTICULAR DESK (LOCATE REQUIREMENTS). THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING: BEST EXECUTION (EXECUTION OF BLOCK-SIZED, "NOT-HELD" OR CUSTOMER ORDERS WITH SPECIAL PRICING CONDITIONS, (HANDLING OF MULTIPLE ORDERS CONCURRENTLY); AND USE OF MULTIPLE MPIDS.

Initiated By: FINRA

Date Initiated: 09/27/2013

Docket/Case Number: <u>2010021590501</u>

Principal Product Type: Other

Other Product Type(s): DESIGNATED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/27/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered: Censure

Monetary/Fine \$35,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$35,000 AND REQUIRED TO REVISE ITS WSPS REGARDING TRADE REPORTING (ACCURATE AND TIMELY REPORTING); ACCEPTING MATCHING TRADES IN A TIMELY MANNER; REPORTING TRADES ON MEMBER'S BEHALF; OATS (ACCURACY OF OATS DATA); OTHER RULES (SUB-PENNY ORDERS W/.01, SUB-PENNY ORDERS W/.0001); USE OF MULTIPLE MARKET PARTICIPANT IDENTIFIERS (USE OF MPIDS, MPID ACCESS, MPID ACTIVITY); AND SALE TRANSACTIONS FOR A PARTICULAR DESK (LOCATE REQUIREMENTS)WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. FINE PAID IN FULL 10/17/13.

Reporting Source: Firm
Current Status: Final

Allegations: FINRA FOUND THAT CITADEL SECURITIES LLC VIOLATED CERTAIN FINRA

RULES GOVERNING OATS REPORTING AND TRADE REPORTING, AND THAT THE FIRM'S SUPERVISORY SYSTEM WAS DEFICIENT. SPECIFICALLY, THE AWC FOUND THAT: (A) ON JULY 27, 2010, THE FIRM VIOLATED FINRA RULE 7450 AS TO NINE ORDERS; (B) ON JULY 27, 2010, THE FIRM VIOLATED FINRA RULE 6380A, AS TO EIGHT LAST SALE REPORTS; AND (C) THE FIRMS WRITTEN SUPERVISORY PROCEDURES WERE DEFICIENT IN VARIOUS

AREAS IN VIOLATION OF FINRA RULES 2010 AND 3010.

Initiated By: FINANICAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 09/27/2013

Docket/Case Number: 2010021590501

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE AND REVISE WRITTEN SUPERVISORY PROCEDURES

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/27/2013

Sanctions Ordered: Censure

Monetary/Fine \$35,000.00

Other Sanctions Ordered: REVISE WRITTEN SUPERVISORY PROCEDURES



Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE, AND AGREED TO

REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND PAY A \$35,000.00 FINE. THE WRITTEN SUPERVISORY PROCEDURES WERE REVISED IN OCTOBER 2011, AND THE FIRM PAID THE FINE ON OCTOBER 17, 2013.

FINRA FOUND THAT CITADEL SECURITIES LLC VIOLATED CERTAIN FINRA

RULES GOVERNING OATS REPORTING AND TRADE REPORTING, AND THAT THE FIRM'S SUPERVISORY SYSTEM WAS DEFICIENT. SPECIFICALLY, THE AWC FOUND THAT: (A) ON JULY 27, 2010, THE FIRM VIOLATED FINRA RULE 7450 AS TO NINE ORDERS; (B) ON JULY 27, 2010, THE FIRM VIOLATED

FINRA RULE 6380A, AS TO EIGHT LAST SALE REPORTS; AND (C) THE FIRMS

WRITTEN SUPERVISORY PROCEDURES WERE DEFICIENT IN VARIOUS AREAS IN VIOLATION OF FINRA RULES 2010 AND 3010. CITADEL SECURITIES NEITHER ADMITTED NOR DENIED THE AWC'S FINDINGS. CITADEL SECURITIES SUBMITTED AND EXECUTED AN AWC, WHICH WAS ACCEPTED ON SEPTEMBER 27, 2013. CITADEL SECURITIES CONSENTED TO A CENSURE, AGREED TO UPDATE ITS WRITTEN SUPERVISORY

PROCEDURES AND PAY A \$35,000 FINE. THE WRITTEN SUPERVISORY PROCEDURES WERE REVISED IN OCTOBER 2011, AND THE FINE WAS PAID

ON OCTOBER 17, 2013.

Disclosure 61 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 7230A(D)(7), NASD RULE 6130(D)(7) - CITADEL SECURITIES LLC

FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH THE FIRM EXECUTED ORDERS IN REPORTABLE SECURITIES IN NUMEROUS

INSTANCES.

Initiated By: FINRA

Date Initiated: 09/26/2013

Docket/Case Number: <u>2011027985401</u>

Principal Product Type: Other

Other Product Type(s): REPORTABLE SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 09/26/2013

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000. FINE PAID IN

FULL 10/08/13.

No

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Reporting Source: Firm

Current Status: Final

Allegations: FINRA FOUND THAT CITADEL SECURITIES LLC FAILED TO REPORT TO A

FINRA TRADE REPORTING FACILITY THE CORRECT CAPACITY CODE REQUIRED BY NASD RULE 6130(D)(7) AND FINRA RULE 7230A(D)(7).

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 09/26/2013

Docket/Case Number: <u>2011027985401</u>

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Civil and Administrative Penalt(ies) /Fine(s)

Sought:

Other Sanction(s)/Relief

Sought:

AND CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/26/2013

Sanctions Ordered: Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered:



Sanction Details: THE APPLICANT CONSENTED TO A CENSURE AND AGREED TO PAY A

\$10,000.00 FINE. THE APPLICANT PAID THE FINE ON OCTOBER 8, 2013.

FINRA FOUND THAT CITADEL SECURITIES LLC FAILED TO REPORT TO A

FINRA TRADE REPORTING FACILITY THE CORRECT CAPACITY CODE REQUIRED BY NASD RULE 6130(D)(7) AND FINRA RULE 7230A(D)(7). WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, CITADEL SECURITIES ENTERED INTO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT, WHICH WAS ACCEPTED BY FINRA ON SEPTEMBER 26, 2013. CITADEL SECURITIES CONSENTED TO A CENSURE AND AGREED TO

PAY A \$10,000 FINE, WHICH WAS PAID ON OCTOBER 8, 2013.

Disclosure 62 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 17A-4, NASD RULES 2110, 2320, 3010, 3110 - ON A CERTAIN DATE,

THE AMERICAN STOCK EXCHANGE (AMEX) OPENED FOR EQUITY TRADING APPROXIMATELY 70 MINUTES LATER THAN ITS REGULAR OPENING DUE TO SYSTEM PROBLEMS; ITS TRANSMISSION LINES WERE SHUT DOWN AND ALL ORDERS TRANSMITTED TO AMEX WERE REJECTED. AT THE TIME, CITADEL SECURITIES LLC HAD NO WRITTEN SUPERVISORY PROCEDURES TO ADDRESS HOW IT WOULD HANDLE CUSTOMER ORDERS IN THE EVENT

A PRIMARY MARKET FAILED TO OPEN FOR TRADING, OR WAS UNAVAILABLE FOR TRADING. WITH THE EXCEPTION OF A FEW SECURITIES THAT THE FIRM DECIDED TO BEGIN TRADING ON A MANUAL BASIS, IT FOLLOWED ITS REGULAR PRACTICE AND HANDLED ALL CUSTOMER ORDERS ON A FULLY AUTOMATED BASIS. REGULAR ORDERS RECEIVED PRIOR TO THE OPENING OF THE AMEX WERE ROUTED, ON A RISKLESS PRINCIPAL BASIS, TO THE AMEX TO PARTICIPATE IN THE EXCHANGE'S OPENING PROCESS. THE FIRM HELD THE CUSTOMER ORDERS IN-HOUSE ON ITS BOOK, SENT IDENTICAL REPRESENTATIVE ORDERS TO THE AMEX FLOOR FOR EXECUTION. RELYING ON THIS PROCEDURE, THE FIRM CONTINUED TO ACCEPT NEW CUSTOMER ORDERS, AND TO SEND

REPRESENTATIVE ORDERS TO THE AMEX AFTER RECEIVING NOTICE THAT THE AMEX WAS REJECTING ALL ORDERS. THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SYSTEM OF SUPERVISION AND WRITTEN

SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ADDRESS THE HANDLING OF CUSTOMER ORDERS DURING MARKET-DISRUPTING

HANDLING OF CUSTOMER ORDERS DURING MARKET-DISRUPTING EVENTS. THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES CONCERNING THE PROMPT AND FAIR HANDLING OF CUSTOMER ORDERS IN INSTANCES WHERE A PRIMARY MARKET FAILS TO OPEN FOR TRADING, OR THE MARKET IS UNAVAILABLE FOR TRADING. THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT



LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, MEMORANDA OF THE CANCELLATION OF NUMEROUS BROKERAGE ORDERS. IN TRANSACTIONS FOR OR WITH A CUSTOMER, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.

Initiated By: FINRA

Date Initiated: 05/28/2013

Docket/Case Number: 2007010875201

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Nο

Sanctions Ordered: Censure

Monetary/Fine \$215,000.00 Disgorgement/Restitution

Other Sanctions Ordered: UNDERTAKING`

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;

THEREFORE, THE FIRM IS CENSURED, FINED \$215,000, ORDERED TO PAY \$239,582.12, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS, AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING THE HANDLING OF CUSTOMER ORDERS DURING MARKET-DISRUPTING EVENTS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. A REGISTERED PRINCIPAL OF THE FIRM SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT



RESTITUTION, TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY

OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE

CUSTOMER LAST RESIDED. FINE PAID JUNE 12, 2013.

Reporting Source: Firm

Current Status: Final

Appealed To and Date Appeal

Filed:

N/A

Allegations: FINRA FOUND THAT CITADEL SECURITIES LLC, DURING THE PERIODS

SPECIFIED IN THE LETTER OF ACCEPTANCE, WAIVER & CONSENT (AWC), VIOLATED CERTAIN NASD RULES GOVERNING TRADE EXECUTION, SEC RECORDKEEPING RULES, AND THAT THE FIRM'S SUPERVISORY SYSTEM WAS DEFICIENT. SPECIFICALLY, THE AWC FOUND THAT: (A) DURING THE PERIOD NOVEMBER 28, 2007 THROUGH SEPTEMBER 29, 2008 THE FIRM VIOLATED NASD RULES 2110 AND 2320 AS TO 1,587 TRANSACTIONS; AND (B) AT THE TIME OF A MARKET DISRUPTION ON THE AMEX ON AUGUST 17,

2007, THE FIRM HAD NO WRITTEN SUPERVISORY PROCEDURES

ADDRESSING THE UNAVAILABILITY OF A PRIMARY MARKET IN VIOLATION OF NASD RULES 2110 AND 3010 AND FAILED TO PRESERVE CERTAIN ORDER CANCELLATION RECORDS IN VIOLATION OF SEC RULE 17A-4 AND NASD RULE 3110. CITADEL SECURITIES NEITHER ADMITTED NOR DENIED

THE AWC'S FINDINGS.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 05/28/2013

Docket/Case Number: 20070108752-01

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s): EQUITY-OTC

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

Sanctions Ordered: Censure

Monetary/Fine \$215,000.00



Disgorgement/Restitution

Other Sanctions Ordered: RESTITUTION \$239,582.12

Sanction Details: CITADEL SECURITIES CONSENTED TO A CENSURE AND AGREED TO PAY A

\$215,000 FINE AND \$239,582 IN RESTITUTION. CITADEL SECURITIES PAID THE FINE JUNE 12, 2013, AND WAS ORDERED TO COMPLETE RESTITUTION

PAYMENTS WITHIN 120 DAYS OF THE AWC'S ACCEPTANCE.

FINRA FOUND THAT CITADEL SECURITIES LLC, DURING THE PERIODS

SPECIFIED IN THE LETTER OF ACCEPTANCE, WAIVER & CONSENT (AWC), VIOLATED CERTAIN NASD RULES GOVERNING TRADE EXECUTION, SEC RECORDKEEPING RULES, AND THAT THE FIRM'S SUPERVISORY SYSTEM WAS DEFICIENT. SPECIFICALLY, THE AWC FOUND THAT: (A) DURING THE PERIOD NOVEMBER 28, 2007 THROUGH SEPTEMBER 29, 2008 THE FIRM VIOLATED NASD RULES 2110 AND 2320 AS TO 1,587 TRANSACTIONS; AND (B) AT THE TIME OF A MARKET DISRUPTION ON THE AMEX ON AUGUST 17,

2007, THE FIRM HAD NO WRITTEN SUPERVISORY PROCEDURES

ADDRESSING THE UNAVAILABILITY OF A PRIMARY MARKET IN VIOLATION OF NASD RULES 2110 AND 3010 AND FAILED TO PRESERVE CERTAIN ORDER CANCELLATION RECORDS IN VIOLATION OF SEC RULE 17A-4 AND NASD RULE 3110. CITADEL SECURITIES NEITHER ADMITTED NOR DENIED

THE AWC'S FINDINGS.

ON APRIL 9, 2013, CITADEL SECURITIES SUBMITTED AND EXECUTED AWC, WHICH WAS ACCEPTED ON MAY 28, 2013. IN THE AWC, AND SOLELY FOR THE PURPOSES OF THAT PROCEEDING AND ANY OTHER PROCEEDING

BROUGHT BY OR ON BEHALF OF FINRA, CITADEL SECURITIES

CONSENTED TO THE FINDINGS DESCRIBED ABOVE. CITADEL SECURITIES ALSO CONSENTED TO A CENSURE AND AGREED TO PAY A \$215,000 FINE

AND \$239,582 IN RESTITUTION.

Disclosure 63 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 204T(A)(3), SEC RULE 204T(B) OF REGULATION SHO, FINRA

RULE 2010, NASD RULE 3010 - CITADEL SECURITIES LLC HAD FAIL-TO-DELIVER POSITIONS IN EQUITY SECURITIES AT A REGISTERED CLEARING AGENCY THAT WAS ATTRIBUTABLE TO MARKET MAKING ACTIVITIES AND DID NOT CLOSE OUT THE FAIL-TO-DELIVER POSITIONS BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME PRESCRIBED. THE FIRM ACCEPTED SHORT SALE ORDERS INVOLVING EQUITY SECURITIES FROM ANOTHER PERSON, OR EFFECTED SHORT SALE ORDERS FOR ITS OWN ACCOUNT, WITHOUT FIRST BORROWING THE



SECURITY OR ENTERING TO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY AND HAD A FAIL-TO DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN SUCH SECURITY THAT HAD NOT BEEN CLOSED OUT IN ACCORDANCE WITH THE REQUIREMENTS OF PARAGRAPHS (A) AND (B) OF SEC RULE 204T. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING SEC RULES 203(A)(LONG SALES), 203(B)(1)(LOCATE REQUIREMENT) AND 203(B)(3)(THRESHOLD CLOSEOUT REQUIREMENT).

Initiated By: FINRA

Date Initiated: 05/28/2013

Docket/Case Number: 2009018256501

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 05/28/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$50,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;
THEREFORE, THE FIRM IS CENSURED, FINED \$50,000 AND REQUIRED TO
REVISE ITS WRITTEN SUPERVISORY PROCEEDINGS REGARDING SEC
RULES 203(A)(LONG SALES), 203(B)(1)(LOCATE REQUIREMENT) AND
203(B)(3)(THRESHOLD CLOSEOUT REQUIREMENT) WITHIN 30 BUSINESS
DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. FINE PAID ON JUNE 17.

2013.



Reporting Source: Firm

Current Status: Final

Allegations: FINRA FOUND THAT THE APPLICANT, DURING THE PERIODS SPECIFIED IN

THE LETTER OF ACCEPTANCE, WAIVER & CONSENT (AWC), VIOLATED PORTIONS OF SEC RULE REG SHO, FINRA RULE 2010, AND NASD RULE 3010. SPECIFICALLY, THE AWC FOUND THAT: A) DURING THE TIME PERIOD OF DECEMBER 26, 2008 THROUGH FEBRUARY 2, 2009 THERE WERE 14 INSTANCES IN WHICH THE APPLICANT VIOLATED SEC RULE 204T(A)(3) OF REG SHO AS TO FAIL TO DELIVERS IN FOUR EQUITY SECURITIES; B) DURING THE SAME TIME PERIOD THE APPLICANT VIOLATED SEC RULE 204T(B) OF REG SHO AS TO THE ACCEPTANCE OF 49 SHORT SALE ORDERS IN TWO EQUITY SECURITIES; AND C) DURING THE PERIOD JANUARY 1, 2009 THROUGH FEBRUARY 28, 2009 THE APPLICANTS'S REG SHO WRITTEN SUPERVISORY PROCEDURES DID NOT ADDRESS CERTAIN

REQUIREMENTS OF FINRA RULE 2010 AND NASD RULE 3010. THE APPICANT NEITHER ADMITTED NOR DENIED THE AWC'S FINDINGS.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 05/28/2013

Docket/Case Number: <u>2009018256501</u>

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

Sanctions Ordered: Censure

Monetary/Fine \$50,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT CONSENTED TO A CENSURE AND AGREED TO PAY A

\$50,000 FINE. THE APPLICANT PAID THE FINE JUNE 17, 2013.

FINRA FOUND THAT THE APPLICANT, DURING THE PERIODS SPECIFIED IN

THE LETTER OF ACCEPTANCE, WAIVER & CONSENT (AWC), VIOLATED PORTIONS OF SEC RULE REG SHO, FINRA RULE 2010, AND NASD RULE



3010. SPECIFICALLY, THE AWC FOUND THAT: A) DURING THE TIME PERIOD OF DECEMBER 26, 2008 THROUGH FEBRUARY 2, 2009 THERE WERE 14 INSTANCES IN WHICH THE APPLICANT VIOLATED SEC RULE 204T(A)(3) OF REG SHO AS TO FAIL TO DELIVERS IN FOUR EQUITY SECURITIES; B) DURING THE SAME TIME PERIOD THE APPLICANT VIOLATED SEC RULE 204T(B) OF REG SHO AS TO THE ACCEPTANCE OF 49 SHORT SALE ORDERS IN TWO EQUITY SECURITIES; AND C) DURING THE PERIOD JANUARY 1, 2009 THROUGH FEBRUARY 28, 2009 THE APPLICANTS'S REG SHO WRITTEN SUPERVISORY PROCEDURES DID NOT ADDRESS CERTAIN REQUIREMENTS OF FINRA RULE 2010 AND NASD RULE 3010. THE APPICANT NEITHER ADMITTED NOR DENIED THE AWC'S FINDINGS. THE APPLICANT ACCEPTED AND EXECUTED THE AWC ON APRIL 25, 2013, WHICH WAS ACCEPTED ON MAY 28, 2013. IN THE AWC, AND SOLELY FOR THE PURPOSES OF THAT PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF FINRA, THE APPLICANT CONSENTED TO THE FINDINGS DESCRIBED ABOVE. THE APPLICANT ALSO CONSENTED TO A CENSURE AND AGREED TO PAY A \$50,000 FINE.

Disclosure 64 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 7450 - CITADEL SECURITIES LLC FAILED TO TRANSMIT

NUMEROUS REPORTABLE ORDER EVENTS TO THE ORDER AUDIT TRAIL

SYSTEM (OATS) FOR ONE OF THE FIRM'S MARKET PARTICIPANT

IDENTIFIERS.

Initiated By: FINRA

Date Initiated: 11/21/2012

Docket/Case Number: 2011029696001

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/21/2012



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000. FINE PAID IN FULL ON 12/6/12.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT DURING THE PERIOD MAY 1, 2010 AND JUNE 30, 2010

THE APPLICANT FAILED TO TRANSMIT 55,487 REPORTABLE ORDER EVENTS ON 28 BUSINESS DATES FOR ONE OF THE APPLICANTS'S MPIDS

(CTDL), IN VIOLATION OF FINRA RULE 7450.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 09/04/2012

Docket/Case Number: 2011029696001

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/21/2012

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$5,000.00 WHICH WAS PAID ON DECEMBER 6,

2012.

Firm Statement THIS MATTER WAS RESOLVED BY AN ACCEPTANCE, WAIVER & CONSENT



(AWC) AGREEMENT. THE APPLICANT ACCEPTED AND EXECUTED THE AWC

ON SEPTEMBER 4, 2012. THE OFFICE OF DISCIPLINARY AFFAIRS

ACCEPTED THE AWC ON NOVEMBER 21, 2012, AND THE APPLICANT WAS OFFICIALLY INFORMED OF THE ACCEPTANCE OF THE AWC ON DECEMBER 3, 2012 AND RECEIVED THE FINE INVOICE ON DECEMBER 4, 2012. THE FINE

WAS PAID ON DECEMBER 6, 2012.

Disclosure 65 of 75

Reporting Source: Regulator **Current Status:** Final

Allegations: SEC RULE 203(B)(1) OF REGULATION SHO - CITADEL SECURITIES LLC, ON

> NUMEROUS OCCASIONS, ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY: OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE: AND DOCUMENTING COMPLIANCE WITH

SEC RULE 203(B)(1) OF REGULATION SHO.

FINRA Initiated By:

Date Initiated: 11/13/2012

Docket/Case Number: 2009020604501

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 11/13/2012

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure



Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500. FINE PAID IN

FULL ON 11/30/2012.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT DURING THE PERIOD JULY 1, 2009 AND SEPTEMBER

30, 2009 THE APPLICANT, ON 50 OCCASIONS, ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM A NON-US BROKER DEALER WITHOUT HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE AND DID NOT DOCUMENT COMPLIANCE WITH

SEC RULE 203(B)(1) OF REGULATION SHO, IN VIOLATION OF SEC RULE

203(B)(1) OF REGULATION SHO.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 10/12/2012

Docket/Case Number: 2009020604501

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/13/2012

Sanctions Ordered: Censure

Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$7,500.00 WHICH WAS PAID ON NOVEMBER 30,

2012.

Firm Statement THIS MATTER WAS RESOLVED BY AN ACCEPTANCE, WAIVER & CONSENT



(AWC) AGREEMENT. THE APPLICANT ACCEPTED AND EXECUTED THE AWC ON OCTOBER 12, 2012. THE OFFICE OF DISCIPLINARY AFFAIRS ACCEPTED THE AWC ON NOVEMBER 13, 2012, AND THE APPLICANT WAS OFFICIALLY INFORMED OF THE ACCEPTANCE OF THE AWC ON NOVEMBER 26, 2012, AND RECEIVED THE FINE INVOICE ON NOVEMBER 27, 2012. THE FINE WAS PAID ON NOVEMBER 30, 2012.

Disclosure 66 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULES 7230A(D), 7450 - IN NUMEROUS INSTANCES, CITADEL

SECURITIES LLC FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE CORRECT SYMBOL INDICATING THE CAPACITY OF THE CONTRA PARTY TRANSMITTING ORDERS TO THE FIRM FOR EXECUTION IN REPORTABLE SECURITIES AND IN TWO INSTANCES, THE FIRM FAILED TO REPORT THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE SPECIAL HANDLING CODES OR IN SOME INSTANCES, THE REPORTS CONTAINED INACCURATE

CAPACITY CODES.

Initiated By: FINRA

Date Initiated: 11/21/2011

Docket/Case Number: 2009017006101

Principal Product Type: Other

Other Product Type(s): REPORTABLE SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/21/2011



Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS. THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS:

THEREFORE. THE FIRM IS CENSURED AND FINED \$15,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT ON OCTOBER 28, 2009 THE APPLICANT

TRANSMITTED 34 OATS REPORTS THAT CONTAINED INACCURATE SPECIAL HANDLING CODES AND 5 OATS REPORTS THAT CONTAINED INACCURATE CAPACITY CODES, IN VIOLATION OF FINRA RULE 7450. ADDITIONALLY, IN

1,268 INSTANCES, THE APPLICANT FAILED TO REPORT TO THE

FINRA/NASDAQ TRADE REPORTING FACILITY THE CORRECT CAPACITY OF THE CONTRA SUBMITTING THE ORDERS TO THE APPLICANT, AND IN TWO INSTANCES THE APPLICANT FAILED TO REPORT THE CORRECT CAPACITY CODE IN WHICH THE APPLICANT EXECUTED THE TRANSACTIONS, IN

VIOLATION OF FINRA RULE 7230(A(D).

Civil and Administrative Penalt(ies) /Fine(s)

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 10/19/2011

Docket/Case Number: 20090170061-01

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/21/2011



Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$15,000.00, WHICH WAS PAID ON 11/29/2011

Firm Statement THIS MATTER WAS RESOLVED BY AN ACCEPTANCE, WAIVER & CONSENT

(AWC) AGREEMENT. THE APPLICANT ACCEPTED AND EXECUTED THE AWC ON OCTOBER 19, 2011. FINRA'S NATIONAL ADJUDICATORY COUNCIL ("NAC") REVIEW SUBCOMMITTEE, OR BY THE OFFICE OF DISCIPLINARY AFFAIRS ON BEHALF OF THE NAC PURSUANT TO FINRA RULE 9216, ACCEPTED THE AWC ON NOVEMBER 21, 2011 AND THE APPLICANT WAS OFFICIALLY INFORMED OF THE ACCEPTANCE OF THE AWC ON NOVEMBER

28, 2011.

Disclosure 67 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 3340 - CITADEL SECURITIES LLC EFFECTED TRANSACTIONS IN

SECURITIES WHILE A TRADING HALT WAS IN EFFECT WITH RESPECT TO

EACH OF THE SECURITIES.

Initiated By: FINRA

Date Initiated: 09/20/2011

Docket/Case Number: 2007011847101

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 09/20/2011

Does the order constitute a

final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?



Sanctions Ordered: Censure

Monetary/Fine \$9,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;

THEREFORE, THE FIRM IS CENSURED AND FINED \$9,500.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT DURING THE PERIOD JANUARY 1, 2007 THROUGH

JUNE 30, 2007 THE APPLICANT EFFECTED 175 TRANSACTIONS IN SIX SECURITIES WHILE A TRADING HALT WAS IN EFFECT WITH RESPECT TO

EACH OF THE SECURITIES IN VIOLATION OF NASD RULE 3340.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 08/22/2011

Docket/Case Number: 20070118471-01

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/20/2011

Sanctions Ordered: Censure

Monetary/Fine \$9,500.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$9,500.00 WHICH WAS PAID ON 09/28/2011.

Firm Statement THIS MATTER WAS RESOLVED BY AN ACCEPTANCE, WAIVER & CONSENT

(AWC) AGREEMENT. THE APPLICANT ACCEPTED AND EXECUTED THE AWC ON AUGUST 22, 2001. FINRA'S NATIONAL ADJUDICATORY COUNCIL ("NAC") REVIEW SUBCOMMITTEE, OR BY THE OFFICE OF DISCIPLINARY AFFAIRS ON BEHALF OF THE NAC PURSUANT TO FINRA RULE 9216 ACCEPTED THE AWC ON SEPTEMBER 20, 2011, AND THE APPLICANT WAS OFFICIALLY



INFORMED OF THE ACCEPTANCE OF THE AWC ON SEPTEMBER 23, 2011. THE FINE WAS PAID ON SEPTEMBER 28, 2011.

Disclosure 68 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 2110, INTERPRETATIVE MATERIAL 2110-2 - CITADEL

SECURITIES LLC FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S

LIMIT ORDER.

Initiated By: FINRA

Date Initiated: 09/20/2011

Docket/Case Number: 2008012322801

Principal Product Type: Other

Other Product Type(s): NASDAQ SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

No

Resolution Date: 09/20/2011

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?

Sanctions Ordered: Censure

Monetary/Fine \$8,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS:

THEREFORE, THE FIRM IS CENSURED AND FINED \$8,000.



Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT DURING THE PERIOD JANUARY 1, 2007 THROUGH

JUNE 30, 2007 THE APPLICANT FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE A TOTAL OF 110 CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER IN VIOLATION OF NASD RULE

2110 AND IM-2110-2.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 08/24/2011

Docket/Case Number: 20080123228-01

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/20/2011

Sanctions Ordered: Censure

Monetary/Fine \$8,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$8,000.00 WHICH WAS PAID ON 9/27/2011.

Firm Statement THIS MATTER WAS RESOLVED BY AN ACCEPTANCE, WAIVER & CONSENT

(AWC) AGREEMENT. THE APPLICANT ACCEPTED AND EXECUTED THE AWC ON AUGUST 24, 2001. FINRA'S NATIONAL ADJUDICATORY COUNCIL ("NAC") REVIEW SUBCOMMITTEE, OR BY THE OFFICE OF DISCIPLINARY AFFAIRS ON BEHALF OF THE NAC PURSUANT TO FINRA RULE 9216 ACCEPTED THE AWC ON SEPTEMBER 20, 2011, AND THE APPLICANT WAS OFFICIALLY INFORMED OF THE ACCEPTANCE OF THE AWC ON SEPTEMBER 23, 2011.

THE FINE WAS PAID ON SEPTEMBER 27, 2011.

Disclosure 69 of 75



Reporting Source: Regulator

Current Status: Final

Allegations: CITADEL SECURITIES, LLC ("CITADEL"), AN EXCHANGE DESIGNATED

PRIMARY MARKET-MAKER AND AUTHORIZED TO CONDUCT A NON-

MEMBER CUSTOMER BUSINESS, WAS FINED \$30,000 FOR THE FOLLOWING

CONDUCT. ON OR ABOUT JANUARY 8, 2010 AND JANUARY 11, 2010,

CITADEL'S CUSTOMER RESERVE BANK ACCOUNT WAS UNDER-RESERVED. IN ACCEPTING THE OFFER OF SETTLEMENT, THE BUSINESS CONDUCT COMMITTEE CONSIDERED THE FOLLOWING FACTORS: 1) THE RESERVE CALCULATIONS, WERE THE FIRST TWO CALCULATIONS PERFORMED BY CITADEL AFTER IT ELECTED TO BECOME SUBJECT TO RULE 15C3-3 OF THE ACT; 2) CITADEL SELF-REPORTED THE VIOLATION; 3) THE DURATION OF THE CONDUCT WAS LIMITED IN SCOPE; AND 4) CITADEL HAD NO PRIOR

DISCIPLINARY HISTORY AT THE EXCHANGE. (CBOE RULES 4.2 - ADHERENCE TO LAW AND 15.1 - MAINTENANCE, RETENTION AND

FURNISHING OF BOOKS, RECORDS AND OTHER INFORMATION; SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "ACT") AND RULE 15C3-3 - CUSTOMER PROTECTION, THEREUNDER; AND SECTION 17(A) OF THE ACT AND RULE 17A-3 - RECORDS TO BE MADE BY CERTAIN EXCHANGE MEMBERS, BROKERS AND DEALERS, THEREUNDER.)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 10/01/2010

Docket/Case Number: 10-0035

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/01/2010

Sanctions Ordered: Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: A \$30,000 FINE. IN ACCEPTING THE OFFER OF SETTLEMENT, THE

BUSINESS CONDUCT COMMITTEE CONSIDERED THE FOLLOWING FACTORS: 1) THE RESERVE CALCULATIONS, WERE THE FIRST TWO

CALCULATIONS PERFORMED BY CITADEL AFTER IT ELECTED TO BECOME



SUBJECT TO RULE 15C3-3 OF THE ACT; 2) CITADEL SELF-REPORTED THE VIOLATION; 3) THE DURATION OF THE CONDUCT WAS LIMITED IN SCOPE;

AND 4) CITADEL HAD NO PRIOR DISCIPLINARY HISTORY AT THE

EXCHANGE.

Reporting Source: Firm **Current Status:** Final

Allegations: ON OR ABOUT JANUARY 8, 2010 AND JANUARY 11, 2010, THE APPLICANTS

> CUSTOMER RESERVE BANK ACCOUNT WAS UNDER-RESERVED IN VIOLATION CBOE RULES 4.2 AND 15.1, AND RULES 15C3-3 AND 17-A3 OF

THE SECURITIES AND EXCHANGE ACT OF 1934.

CHICAGO BOARD OPTIONS EXCHANGE Initiated By:

10-0035

Date Initiated: 10/04/2010 **Docket/Case Number:**

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/01/2010

Sanctions Ordered: Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: APPLICANT WAS FINED \$30,000, WHICH WAS PAID ON NOVEMBER 8, 2010.

Civil and Administrative Penalt(ies) /Fine(s)

Firm Statement THIS MATTER WAS RESOLVED BY AN OFFER OF SETTLEMENT. THE

APPLICANT ACCEPTED AND EXECUTED THE OFFER OF SETTLEMENT ON OCTOBER 19, 2010. THE CBOE'S BUSINESS CONDUCT COMMITTEE

ACCEPTED THE OFFER OF SETTLEMENT ON NOVEMBER 1, 2010, AND THE APPLICANT WAS OFFICIALLY INFORMED OF THE ACCEPTANCE OF THE

OFFER OF SETTLEMENT ON NOVEMBER 3, 2010.

Disclosure 70 of 75

Reporting Source: Regulator



Current Status: Final

Allegations: SEC RULE 200(G) OF REGULATION SHO, NASD RULES 2110, 3010,

6130(D)(6) - CITADEL SECURITIES LLC EFFECTED SHORT SALE

TRANSACTIONS AND FAILED TO REPORT EACH TRANSACTION WITH A SHORT SALE MODIFIER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SEC RULE 203(B)(1) AND NASD RULES 3350 AND 6130(D)(6). THE FIRM IMPROPERLY MARKED SHORT SALE ORDERS AS SHORT SALE EXEMPT AND, AS A RESULT, CAUSED THE RESULTING SHORT

SALE TRANSACTIONS TO BE REPORTED INCORRECTLY TO THE

NASD/NASDAQ TRADE REPORTING FACILITY AS SHORT SALE EXEMPT. THE

FIRM EFFECTED LONG SALE TRANSACTIONS AND INCORRECTLY REPORTED EACH TRANSACTION WITH A SHORT SALE MODIFIER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR FINRA RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN REGISTRATION AND QUALIFICATIONS; TRADES REPORTED ON THE FIRM'S BEHALF; ORDER MARKING REQUIREMENTS; AND PROPRIETARY SALES-ACCURATE TRADE REPORTING OF PROPRIETARY SHORT SALES.

Initiated By: FINRA

Date Initiated: 09/24/2010

Docket/Case Number: 2005003619101

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/24/2010



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or Nο

Sanctions Ordered: Censure

Monetary/Fine \$45,000.00

Other Sanctions Ordered:

deceptive conduct?

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS:

THEREFORE. THE FIRM IS CENSURED AND FINED \$45,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA FOUND THAT CITADEL SECURITIES LLC AND A SINCE-MERGED

AFFILIATE, DURING THE PERIODS SPECIFIED IN THE LETTER OF

ACCEPTANCE, WAIVER & CONSENT (AWC), VIOLATED CERTAIN SEC AND NASD RULES GOVERNING THE REPORTING AND MARKING OF SHORT SALE TRANSACTIONS AND THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) WERE DEFICIENT. SPECIFICALLY, THE AWC FOUND THAT: (A) DURING THE PERIOD 10/1/2005 - 12/7/2006, THE FIRM FAILED TO

INCLUDE A SHORT SALE MODIFIER AS REQUIRED BY NASD RULE

6130(D)(6) IN 130 TRANSACTIONS AND HAD DEFICIENT WSPS GOVERNING SUPERVISORY REVIEWS IN VIOLATION OF NASD RULES 2110 AND 3010; (B) DURING THE PERIOD 11/1/2006 - 5/15/2007, CITADEL TRADING GROUP LLC, AN AFFILIATE SINCE MERGED INTO CITADEL SECURITIES, INACCURATELY MARKED 1,019 SHORT SALE ORDERS AS EXEMPT IN VIOLATION OF SEC RULE 200(G) AND NASD RULE 6130(D)(6); AND (C) DURING THE PERIOD 12/1/2008 - 12/5/2008, THE FIRM EFFECTED 118 TRANSACTIONS WITH AN INACCURATE OR OMITTED SHORT SALE MODIFIER IN VIOLATION OF NASD RULE 6130(D)(6) AND HAD DEFICIENT WSPS GOVERNING SUPERVISORY REVIEWS IN VIOLATION OF NASD RULES 2110 AND 3010. CITADEL

SECURITIES NEITHER ADMITTED NOR DENIED THE AWC'S FINDINGS.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 09/23/2010

Docket/Case Number: 20050036191-01

Principal Product Type: Equity - OTC



Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/23/2010

Sanctions Ordered: Censure

Monetary/Fine \$45,000.00

Other Sanctions Ordered:

Sanction Details: AS OF SEPTEMBER 23, 2010, CITADEL SECURITIES LLC WAS CENSURED

AND FINED BY FINRA PURSUANT TO THE AWC. CITADEL SECURITIES AGREED TO PAY A FINE IN THE AMOUNT OF \$45,000, WHICH WAS PAID ON

OCTOBER 5, 2010.

Firm Statement ON AUGUST 2, 2010, CITADEL SECURITIES LLC SUBMITTED AN EXECUTED

LETTER OF ACCEPTANCE, WAIVER & CONSENT (AWC) TO FINRA, WHICH WAS ACCEPTED ON SEPTEMBER 23, 2010. IN THE AWC, AND SOLELY FOR THE PURPOSES OF THAT PROCEEDING AND ANY OTHER PROCEEDING

BROUGHT BY OR ON BEHALF OF FINRA, CITADEL SECURITIES

CONSENTED TO THE ENTRY OF CERTAIN FINDINGS DESCRIBED IN 7, ABOVE. CITADEL SECURITIES ALSO CONSENTED TO A CENSURE AND

AGREED TO PAY A \$45,000 FINE.

Disclosure 71 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: NASDAQ RULES 2110, 3010 - CITADEL SECURITIES' SUPERVISORY SYSTEM

AND WRITTEN SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS (INCLUDING NASD NOTICE TO MEMBERS 04-66) AND NASDAQ RULES CONCERNING THE PREVENTION OF ERRONEOUS ORDERS AND TRANSACTIONS AND FRIVOLOUS CLEARLY ERRONEOUS

TRANSACTION COMPLAINTS.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 06/29/2010

Docket/Case Number: 2008015269201



Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Nο

No Product

Resolution Date: 06/29/2010

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$10,000 AND REQUIRED TO

REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING COMPLIANCE WITH NASD NOTICE TO MEMBERS 04-66 WITHIN 30

BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NASDAQ REVIEW

COUNCIL.

Reporting Source: Firm

Current Status: Final

Allegations: NASDAQ ALLEGED THAT DURING THE PERIOD JANUARY 1, 2008 THROUGH

JUNE 30, 2008 THE APPLICANTS WRITTEN SUPERVISORY PROCEDURES DID NOT ADDRESS THE PREVENTION OF ERRONEOUS ORDERS AND TRANSACTIONS. AND FRIVOLOUS CLEARLY ERRONEOUS TRANSACTIONS

COMPLAINTS IN VIOLATION OF NASDAQ RULES 2110 AND 3010.

Initiated By: NASDAQ STOCK MARKET LLC

Date Initiated: 05/21/2010

Docket/Case Number: 20080152692-01

Principal Product Type: Equity Listed (Common & Preferred Stock)



Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO THE PREVENTION OF ERRONEOUS ORDERS AND TRANSACTIONS, AND FRIVOLOUS CLEARLY ERRONEOUS

TRANSACTIONS COMPLAINTS.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/29/2010

Sanctions Ordered: Censure

Monetary/Fine \$10,000.00

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY

PROCEDURES WITH RESPECT TO THE PREVENTION OF ERRONEOUS ORDERS AND TRANSACTIONS, AND FRIVOLOUS CLEARLY ERRONEOUS

TRANSACTIONS COMPLAINTS.

Sanction Details: APPLICANT PAID THE \$10,000.00 ON AUGUST 17,2010, VIA WIRE.

Firm Statement APPLICANT UPDATED ITS WRITTEN SUPERVISORY PROCEDURES IN

ACCORDANCE WITH THE AWC ON JULY 28, 2010.

Disclosure 72 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 6130(G) - CITADEL SECURITIES LLC TRANSMITTED TRADE

REPORTS FOR ODD-LOT TRADES AND FAILED TO REPORT THE

TRANSACTIONS WITH THE REQUIRED ODD-LOT MODIFIER OF .RO TO THE NASD/NASDAQ TRADE REPORTING FACILITY OR FINRA/NASDAQ TRADE

REPORTING FACILITY.

Initiated By: FINRA

Date Initiated: 04/28/2010

Docket/Case Number: 2009017828401

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:



Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Nο

Resolution Date: 04/28/2010

Does the order constitute a final order based on violations of any laws or

regulations that prohibit

fraudulent, manipulative, or deceptive conduct?

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS:

THEREFORE, THE FIRM IS FINED \$5,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT DURING THE PERIOD DECEMBER 2006 THROUGH

Civil and Administrative Penalt(ies) /Fine(s)

MARCH 2008 THE APPLICANT SUBMITTED 79 ODD-LOT TRADE REPORTS TO THE NASD OR FINRA TRADING REPORTING FACILITY WITHOUT THE

".RO" ODD-LOT MODIFIER IN VIOLATION OF NASD RULE 6130(G).

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 04/28/2010

Docket/Case Number: 20090178284-01

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/28/2010



Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$5,000.00 WHICH WAS PAID ON 05/07/2010.

Firm Statement THIS MATTER WAS RESOLVED BY AN ACCEPTANCE, WAIVER & CONSENT

(AWC) AGREEMENT.

THE APPLICANT ACCEPTED AND EXECUTED THE AWC ON APRIL 7, 2010.

FINRA'S NATIONAL ADJUDICATORY COUNCIL ("NAC") REVIEW

SUBCOMMITTEE, OR BY THE OFFICE OF DISCIPLINARY AFFAIRS ON BEHALF OF THE NAC PURSUANT TO FINRA RULE 9216 ACCEPTED THE AWC ON APRIL 28, 2010, AND THE APPLICANT WAS OFFICIALLY INFORMED OF THE ACCEPTANCE OF THE AWC ON APRIL 30, 2010. THE FINE WAS PAID

ON MAY 7, 2010

Disclosure 73 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 6955(A), NASD INTERPRETATIVE MATERIAL- 2110-2:

CITADEL DERIVATIVES GROUP LLC FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER. THE FIRM TRANSMITTED INACCURATE DATA

TO THE ORDER AUDIT TRAIL SYSTEM (OATS) - IT SUBMITTED LIMIT ORDERS WITH A LIMIT ORDER DISPLAY INDICATOR OF "Y" (YES)

INDICATING IT HAD RECEIVED INSTRUCTIONS FROM THE CUSTOMERS THAT A NON-BLOCK LIMIT ORDER SHOULD NOT BE DISPLAYED WHEN NO

SUCH INSTRUCTIONS HAD BEEN RECEIVED.

Initiated By: FINRA

Date Initiated: 01/08/2009

Docket/Case Number: 2006004936201

Principal Product Type: Other

Other Product Type(s): NASDAQ SECURITIES

Principal Sanction(s)/Relief

Sought:

Other Sanction(s)/Relief

Sought:



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/08/2009

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?
Sanctions Ordered:

Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;

THEREFORE, THE FIRM IS CENSURED AND FINED \$15,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT DURING THE PERIOD OCTOBER 2005 THROUGH

DECEMBER 2005 THE APPLICANT FAILED TO CONTEMPORANEOUSLY OR

PARTIALLY EXECUTE 25 CUSTOMER LIMIT ORDERS IN NASDAQ

SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER IN VIOLATION OF NASD CONDUCT RULE

2110 AND IM-2110-2.

FINRA ALSO ALLEGED THAT THE FIRM TRANSMITTED INACCURATE DATA TO OATS IN VIOLATION OF NASD RULE 6955(A) IN DECEMBER 2006 BY SUBMITTING 1,172,226 LIMIT ORDERS WITH A LIMIT ORDER DISPLAY INDICATOR OF "Y" (YES) INDICATING IT HAD RECEIVED INSTRUCTIONS FROM THE CUSTOMERS THAT A NON-BLOCK LIMIT ORDER SHOULD NOT BE DISPLAYED WHEN NO SUCH INSTRUCTIONS HAD BEEN RECEIVED.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 01/08/2009

Docket/Case Number: 20060049362-01

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):



Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/08/2009

Sanctions Ordered: Censure

Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$15,000.00 WHICH WAS PAID ON 01/22/2009.

Firm Statement THIS MATTER WAS RESOLVED BY AN ACCEPTANCE, WAIVER & CONSENT

(AWC) AGREEMENT. THE APPLICANT ACCEPTED AND EXECUTED THE AWC ON NOVEMBER 19, 2008. FINRA'S NATIONAL ADJUDICATORY COUNCIL ("NAC") REVIEW SUBCOMMITTEE, OR BY THE OFFICE OF DISCIPLINARY AFFAIRS ON BEHALF OF THE NAC PURSUANT TO FINRA RULE 9216 ACCEPTED THE AWC ON JANUARY 8 2009, AND THE APPLICANT WAS OFFICIALLY INFORMED OF THE ACCEPTANCE OF THE AWC ON JANUARY

16, 2009.

Disclosure 74 of 75

Reporting Source: Regulator

Current Status: Final

Allegations: DURNING THE 4TH QUARTER OF 2006 CITADEL SUBMITTED QUOTATIONS

PRIOR TO THE OPENING ROTATION THAT EXCEEDED THE REQUIRED SPREAD DIFFERENTIAL ON AN AVERAGE OF 1,180 DAILY VIOLATIONS. DURING THE 1ST QUARTER OF 2007 CITADEL SUBMITTED QUOTATIONS PRIOR TO THE OPENING ROTATION THAT EXCEEDED THE REQUIRED SPREAD DIFFERENTIAL ON AN AVERAGE OF 3,111 DAILY VIOLATIONS. DURING THE 2ND QUARTER OF 2007 CITADEL SUBMITTED QUOTATIONS PRIOR TO THE OPENING ROTATION THAT EXCEEDED THE REQUIRED SPREAD DIFFERENTIAL ON AN AVERAGE OF 1,516 DAILY VIOLATIONS. THE CONDUCT DESCRIBED ABOVE CONSTITUTES SEPERATE VIOLATIONS

OF ISE RULE 803(B)(4).

Initiated By: INTERNATIONAL SECURITIES EXCHANGE

Date Initiated: 06/12/2008

Docket/Case Number: 2007-012; 2007-055; 2007-110



Principal Product Type:

Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/12/2008

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or No

deceptive conduct?

Sanctions Ordered: Monetary/Fine \$12,500.00

Other Sanctions Ordered:

Sanction Details: FIRM FINED \$12,500.00

Reporting Source: Firm **Current Status:** Final

Allegations: THE ISE ALLEGED THAT DURING THE PERIOD OF OCTOBER 2006

THROUGH MAY 2007 THE APPLICANT SUBMITTED QUOTATIONS PRIOR TO

THE ISE OPENING THAT EXCEEDED THE SPREAD DIFFERENTIALS

DEFINED IN ISE RULE 803(B)(4).

INTERNATIONAL SECURITIES EXCHANGE (ISE) **Initiated By:**

Date Initiated: 06/12/2008

Docket/Case Number: 2007-12; 2007-055; 2007-10

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Other

Other Sanction(s)/Relief

Sought:

FINE



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/09/2008

Sanctions Ordered: Monetary/Fine \$12,500.00

Other Sanctions Ordered:

Sanction Details: \$12,500.00 FINED LEVIED AGAINST THE APPLICANT, WHICH WAS PAID ON

SEPTEMBER 18, 2008.

Firm Statement THE APPLICANT EXECUTED AND RETURNED THE AWC TO THE ISE ON

JUNE 12, 2008. THE ISE ACCEPTED THE AWC ON SEPTEMBER 9, 2008. THE APPLICANT RECEIVED THE FINAL EXECUTED/ACCEPTED AWC FROM THE

ISE ON SEPTEMBER 16, 2008.

Disclosure 75 of 75

Reporting Source: Firm

Current Status: Final

Allegations: THE ISE ALLEGED THAT DURING THE PERIOD MARCH 2004 THROUGH

AUGUST 2004 THE APPLICANT, A CMM, EFFECTED TRANSACTIONS FOR IT'S PRINCIPAL ORDERS IN OPTION SERIES AT PRICES THAT WERE INFERIOR TO THE NATIONAL BEST BID OR OFFER, IN VIOLATION OF ISE RULE 19.02.

Initiated By: INTERNATIONAL SECURITIES EXCHANGE (ISE)

Date Initiated: 03/01/2006

Docket/Case Number: 2004-0331-30

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/08/2006

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$10,000.00 WHICH WAS PAID ON MARCH 14,

2006.



Firm Statement

THIS MATTER WAS RESOLVED BY AN ACCEPTANCE, WAIVER & CONSENT (AWC) AGREEMENT. THE APPLICANT ACCEPTED AND EXECUTED THE AWC ON FEBRUARY 10, 2006. THE ISE BUSINESS CONDUCT COMMITTEE AND CHIEF REGULATORY OFFICER ACCEPTED THE AWC ON MARCH 1, 2006, AND THE APPLICANT WAS OFFICIALLY INFORMED OF THE ACCEPTANCE OF THE AWC ON MARCH 8, 2006.



Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 1

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-ERRORS-CHARGES;

EXECUTIONS-EXECUTION ERROR; TRADING DISPUTES-OTHER

Arbitration Forum: FINRA

Case Initiated: 12/08/2016

Case Number: 16-03545

Disputed Product Type: OPTIONS

Sum of All Relief Requested: \$9,400.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/07/2017

Sum of All Relief Awarded: \$9,400.01

There may be a non-monetary award associated with this arbitration. Please select the Case Number above to view more detailed information.

www.finra.org/brokercheck
User Guidance

Disclosure Events for Non-Registered Control Affiliates



All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	0	1



Disclosure Event Details

Regulatory - On Appeal

Disclosure 1 of 1

Reporting Source: Firm

Affiliate: CITADEL SECURITIES (HONG KONG) LIMITED

Current Status: On Appeal

Appealed To and Date Appeal

Filed:

CSHK PRESENTLY EXPECTS TO APPEAL THE MARKET DISRUPTION

FINDINGS WITHIN THE REQUIRED TIMELINE AND DOES NOT CONTEST THE

ALLEGATIONS WITH RESPECT TO THE SHORT SALE FINDINGS.

Allegations: ON JANUARY 26, 2023, THE KOREAN SECURITIES AND FUTURES

COMMISSION ("KSFC") REACHED A DECISION STATING THAT CERTAIN TRADING BY CITADEL SECURITIES (HONG KONG) LIMITED ("CSHK") IN KOREA FROM OVER 5 YEARS AGO DISRUPTED THE MARKET. THE KSFC ALSO FOUND THAT CSHK VIOLATED SHORT SALE REGULATIONS IN A HANDFUL OF DISCRETE INSTANCES. THE KSFC FOUND THAT BETWEEN 18 OCTOBER 2017 AND 24 MAY 2018, CSHK VIOLATED THE STATUTORY PROHIBITION OF MARKET DISRUPTION ACTIVITIES IN A TOTAL OF 6,796 TRADING PERIODS INVOLVING 264 DIFFERENT NAMES. THE SHORT SALE FINDINGS RELATED TO TECHNICAL BREACHES ARISING OUT OF A SMALL NUMBER OF DISCRETE AND INADVERTENT INCIDENTS THAT HAPPENED ON SEVEN DIFFERENT OCCASION OVER A TWO AND A HALF YEAR PERIOD. EACH INCIDENT WAS THE RESULT OF PURELY TECHNICAL ISSUES AND WERE REMEDIED EXPEDITIOUSLY UPON DISCOVERY AND DID NOT LEAD

TO ANY SETTLEMENT FAILURES.

Initiated By: KOREAN SECURITIES AND FUTURES COMMISSION

Date Initiated: 07/17/2020

Docket/Case Number:

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief

Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief

Sought:

Resolution: Other

Resolution Date: 01/26/2023



Sanctions Ordered: Censure

Monetary/Fine \$10,550,000.00 Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: PURSUANT TO OFFICIAL NOTICES RECEIVED BY CSHK ON 2 FEBRUARY

2023, THE KSFC IMPOSED ADMINISTRATIVE FINES OF KRW 11.88 BILLION (ROUGHLY USD 9.66 MILLION), AND KRW 1.1 BILLION (ROUGHLY USD 890,000) FOR THE MARKET DISRUPTION AND SHORT SALE FINDINGS,

RESPECTIVELY.

Firm Statement CSHK PRESENTLY EXPECTS TO APPEAL THE MARKET DISRUPTION

FINDINGS WITHIN THE REQUIRED TIMELINE AND DOES NOT CONTEST THE ALLEGATIONS WITH RESPECT TO THE SHORT SALE FINDINGS. CSHK WILL

PAY THE FINES IN ACCORDANCE WITH THE OFFICIAL NOTICES.

End of Report



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