

**NYSE AMERICAN LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019061058203**

TO: NYSE AMERICAN LLC

RE: CTC, LLC, Respondent
CRD No. 44597

During the period of October 13, 2017 through August 1, 2019 (the “Relevant Period”), CTC, LLC, violated Rule 200(g) of Regulation SHO of the Securities Exchange Act of 1934 (“Reg SHO”) by incorrectly marking 119,787 sell orders as long or short. Consent to a censure and a \$95,000 fine (\$17,500 shall be payable to NYSE American LLC).

* * *

Pursuant to Rule 9216 of the NYSE American LLC (“NYSE American” or the “Exchange”) Code of Procedure, CTC, LLC, (“CTC” or the “Firm”) submits this Letter of Acceptance, Waiver, and Consent (“AWC”) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, NYSE American will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. CTC hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NYSE American, or to which NYSE American is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by NYSE American:

BACKGROUND AND JURISDICTION

1. CTC became an NYSE American options member in September 2000. CTC is headquartered in Chicago, Illinois. The firm engages in, among other things, options market making and related hedging activity in equity securities. CTC has no relevant disciplinary history.

PROCEDURAL HISTORY

2. This matter arises from CTC’s self-identification and disclosure of order marking deficiencies during the Relevant Period. The Financial Industry Regulatory Authority, Inc.’s (“FINRA”) Market Regulation Department conducted a further review of the firm’s compliance with Rule 200(g) of Regulation SHO of the Securities Exchange Act of 1934 as part of its Trading and Financial Compliance

Examinations (“TFCE”) 2019 Options Cycle Examination on behalf of NYSE American and other options exchanges.

VIOLATIONS

3. Rule 200(g) requires a broker or dealer to mark all sell orders of any equity security as “long,” “short,” or “short exempt.” The Rule provides that an order to sell shall be marked "long" only if the seller is deemed to own the security being sold as detailed in the Rule and either: (i) the security to be delivered is in the physical possession or control of the broker or dealer; or (ii) it is reasonably expected that the security will be in the physical possession or control of the broker or dealer no later than the settlement of the transaction.
4. From October 13, 2017 through May 20, 2018, the Firm mismarked 1,737 long sale orders as short due to four intermittent system issues, which the Firm self-identified and addressed. From May 16, 2018 through August 1, 2019, the Firm also mismarked 118,050 short sale orders as long due to two programming errors in its proprietary equity hedging system. The Firm self-identified these programming issues in late July 2019 and implemented corrective programming to its equity hedging system as of August 2, 2019.
5. In total, during the Relevant Period, CTC incorrectly marked 119,787 sell orders as long or short. This conduct constitutes separate and distinct violations of Rule 200(g).

OTHER FACTORS

6. In determining, to resolve this matter on the basis set forth herein, NYSE American took into consideration the following: (i) the Firm self-reported the violations prior to detection or initiation of an investigation by FINRA or other regulators; (ii) after self-reporting, the Firm promptly conducted follow-up investigation and provided FINRA staff with information quantifying the number of violations and specifying root causes of order marking violations, which was of substantial assistance to Market Regulation staff; and (iii) the prompt remedial measures implemented by the Firm.

SANCTIONS

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

1. **Censure and a total fine of \$95,000, of which \$17,500 shall be paid to NYSE American.¹**

¹ The remainder of the fine will be paid to Cboe Exchange, Inc. (“Cboe”), C2 Exchange Inc. (“C2”), Cboe BZX Exchange Inc. (“BZX”), Nasdaq Phlx LLC (“PHLX”), and Nasdaq ISE, LLC (“ISE”).

Acceptance of this AWC is conditioned upon acceptance of similar agreements in related matters between the Firm and each of the following self-regulatory organizations: Cboe, C2, BZX, PHLX, and ISE.

The Firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will pay the fine imposed.

The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

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

II. WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under the NYSE American Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Exchange's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer of NYSE American; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE American employee; or any Regulatory Staff as defined in Rule 9120 in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte communication prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III. OTHER MATTERS

The Firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed by NYSE Regulation, and accepted by the Chief Regulatory Officer of NYSE American pursuant to NYSE American Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and
- C. If accepted:
 - 1. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed final and shall constitute the complaint, answer, and decision in the matter, 10 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE American Rule 9310(a)(1)(B);
 - 2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 - 3. NYSE American shall publish a copy of the AWC on its website in accordance with NYSE American Rule 8313;
 - 4. NYSE American may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE American Rule 8313; and
 - 5. The Firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.

- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.
- E. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

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

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC’s provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

July 1, 2021

Date

CTC, LLC
Respondent

By: Mel Williams

Name: Melvin Williams, Jr

Title: Chief Legal Officer

Accepted by FINRA

July 2, 2021

Date



David J. Prieto
Senior Counsel, Department of Enforcement
FINRA

Signed on behalf of NYSE American LLC,
by delegated authority from its Chief
Regulatory Officer