

NYSE ARCA, INC.
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NOS. 2020-04-00094 and 2020-08-00100

TO: NYSE Arca, Inc.

RE: Clear Street Markets, LLC, Respondent
CRD No. 159283

During the first three quarters of 2020 (the “Relevant Period”), Clear Street Markets, LLC (“Clear Street” or the “Firm”) violated NYSE Arca Rule 7.23-E by failing to maintain continuous, two-sided trading interest in approximately 206,333 instances. Consent to censure and \$100,000 fine.

* * *

Pursuant to Rule 10.9216 of the NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) Code of Procedure, Clear Street submits this Letter of Acceptance, Waiver, and Consent (“AWC”) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, NYSE Arca will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

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

BACKGROUND AND JURISDICTION

1. Clear Street became registered as an Equities Trading Permit (“ETP”) holder with NYSE Arca on October 8, 2012, and its registration remains in effect.
2. Clear Street traded as an equities market maker on NYSE Arca through 2020. At present, Clear Street has de-registered as a market maker in all symbols on NYSE Arca.

PROCEDURAL HISTORY

3. This matter arises from a NYSE Regulation (“NYSER”) investigation. NYSER staff commenced this matter upon detecting potential failures by Clear Street to enter and maintain continuous, two-sided trading interest on NYSE Arca, as required by NYSE Arca 7.23-E, during the Relevant Period.

VIOLATIONS

4. NYSE Arca Rule 7.23-E(a)(1) requires that ETP Holders registered as Market Makers in one or more securities that trade on the NYSE Arca market “shall maintain continuous, two-sided trading in those securities in which the Market Maker is registered to trade.”
5. Because Market Makers receive benefits for their registration in particular symbols, it is essential that they uphold the quoting obligations associated with their registered symbols, and provide market liquidity in the form of continuous quoting, as required by NYSE Arca Rule 7.23-E.
6. Clear Street was registered as a Market Maker in 3,473 symbols on average during the Relevant Period.
7. In approximately 206,333 instances during the Relevant Period, Clear Street violated NYSE Arca Rule 7.23-E(a)(1) by failing to enter and maintain continuous, two-sided trading interest as required by the rule.
8. The Firm’s violations included approximately 95 full-day gaps and 204,903 intraday gaps, along with a *de minimis* number of defined limit and designated percentage violations. While quoting gaps occurred throughout the Relevant Period, the Firm also described several single-day events that each generated a significant number of exceptions concentrated on the date of the event. The bulk of the firm’s violations occurred in the first and second quarters of 2020.
9. The Firm attributed the quote gaps to several reasons, including, among others: (i) internal technical errors preventing quoting activity, (ii) corporate symbol changes, (iii) interruptions triggered by the Firm’s risk controls, and (iv) market volatility, particularly in light of the effects of the spring 2020 COVID-19 pandemic on global markets. None of these reasons, however, constitute valid justifications for the Firm’s failure to comply with NYSE Arca Rule 7.23-E.
10. Accordingly, Clear Street violated NYSE Arca Rule 7.23-E.

RELEVANT PRIOR DISCIPLINARY HISTORY

11. On December 12, 2018, the Firm, as Summit Securities Group, LLC, was censured and fined **\$90,000** for violations of NYSE Arca Equities Rule 7.23-E by failing to maintain continuous, two-sided trading interest in approximately 130,000 instances during the five quarters spanning from January 1, 2017 through March 31, 2018.
12. On October 4, 2014, Summit Securities Group received a Cautionary Action Letter (“CAL”) for failing to meet its quoting obligations under NYSE Arca Equities Rules

7.23 in approximately 1,093 instances during the third quarter of 2013.

OTHER FACTORS

13. In connection with the Firm's 2018 settlement, and in response to the above violations, the Firm instituted certain remedial measures to improve its systems for supervising potential violations of NYSE Arca Rule 7.23-E, including adjustments to its SEC Rule 15c3-5 controls, implementation of new intraday monitoring and alerting processes, and a fully automated daily process for reconciling the Arca market making symbol list against the firm's internal market making universe.
14. In addition, Clear Street also self-reported many of the quoting gap violations, particularly those that resulted from single-day technical issues, to NYSER staff in real time.

SANCTIONS

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

1. **Censure and fine in the amount of \$100,000.**

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

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

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

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

II. WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;

- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Exchange's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer of NYSE Arca; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE Arca employee; or any Regulatory Staff as defined in Rule 10.9120 in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte communication prohibitions of Rule 10.9143 or the separation of functions prohibitions of Rule 10.9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III. OTHER MATTERS

The Firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed by NYSE Regulation, and accepted by the Chief Regulatory Officer of NYSE Arca pursuant to NYSE Arca Rule 10.9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and
- C. If accepted:
 - 1. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed final and shall constitute the complaint, answer, and decision in the matter, 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 Arca Rule 10.9310(a)(1)(B);
 - 2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 - 3. NYSE Arca shall publish a copy of the AWC on its website in accordance with NYSE Arca Rule 10.8313;

4. NYSE Arca may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Arca Rule 10.8313; and
 5. The Firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.
- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.
- E. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

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

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

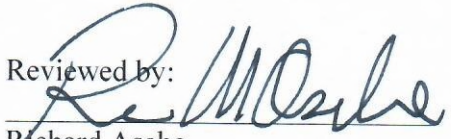
Date

Clear Street Markets, LLC,
Respondent

By: _____

Elliot Gulkowitz
CEO

Reviewed by: _____


Richard Asche
Litman, Asche & Gioiella, LLP
(212) 809-4500
Counsel for Respondent

Accepted by NYSE Regulation

Date

Hanna Seifert
Enforcement Counsel
NYSE Regulation

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