

NYSE ARCA, INC.
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NOS. 2018-11-00084 & 2020-12-01-00033

TO: NYSE Arca, Inc.

RE: SpeedRoute, LLC, Respondent
CRD No. 104138

During the period between January 26, 2017 through November 5, 2021 (the “Relevant Period”), SpeedRoute, LLC violated: (1) Rules 15c3-5(b) and 15c3-5(c)(1)(ii) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), by failing to establish, document, and maintain a system of risk management controls and supervisory procedures, including written supervisory procedures and an adequate system of follow-up and review, reasonably designed to manage the financial, regulatory, and other risks of its market access business, including pre-trade controls to prevent the entry of erroneous orders by rejecting orders that exceed appropriate price or size parameters, or that indicate duplicative orders; (2) Rules 15c3-5(b) and 15c3-5(c)(1)(i) of the Exchange Act, by failing to establish, document, and maintain a system of risk management controls and supervisory procedures, including written supervisory procedures and an adequate system of follow-up and review, reasonably designed to manage the financial, regulatory, and other risks of its market access business to prevent the entry of orders that exceed appropriate pre-set credit thresholds; (3) Rules 15c3-5(b) and 15c3-5(e) of the Exchange Act, by failing to adequately review the effectiveness of its controls and by failing to maintain written supervisory procedures regarding the review of its controls; and (4) NYSE Arca Rule 6.18 (for conduct prior to August 17, 2017) and NYSE Arca Rule 11.18 (for conduct between August 17, 2017 and November 5, 2021) by failing to establish and maintain reasonable supervisory systems and written supervisory procedures concerning Rule 15c3-5 (relating to the above). Consent to a censure, a fine of \$510,000 payable to NYSE Arca,¹ and an undertaking.

* * *

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

¹ The Nasdaq Stock Market LLC (“Nasdaq”) conducted a parallel investigation to this matter. The Firm consents to a fine payable to each of Nasdaq and NYSE Arca, totaling \$960,000.

I. ACCEPTANCE AND CONSENT

- A. SpeedRoute 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. SpeedRoute registered with NYSE Arca on November 11, 2011. The Firm solely provides electronic equity routing and execution services on an agency basis exclusively for broker-dealer clients. The Firm has no relevant disciplinary history.
2. This matter arises from a referral to NYSE Regulation by the Market Regulation Department of the Financial Industry Regulatory Authority, Inc. (“FINRA”), as well as from an investigation initiated by the NYSE Regulation Surveillance & Investigation Department.
3. During the Relevant Period, the Firm provided its clients access to trading on multiple exchanges, including NYSE Arca. The Firm does not engage in any proprietary trading. The Firm provides electronic equity routing and execution services on an agency basis exclusively for broker-dealer clients.

VIOLATIONS

4. Exchange Act Section 15(c)(3) prohibits broker dealers from contravening the rules and regulations prescribed by the Securities and Exchange Commission (“SEC”) to “provide safeguards with respect to the financial responsibility and related practices of brokers and dealers.” The SEC adopted Rule 15c3-5 on November 3, 2010. The compliance date for Rule 15c3-5 was July 14, 2011.
5. Rule 15c3-5 requires, among other things, that a broker-dealer with market access document its system of risk management controls and supervisory procedures designed to manage the financial, regulatory, and other risks of market access. The broker-dealer must preserve a copy of its supervisory procedures and “a written description of its risk management controls” as part of its books and records for the time period required by SEA Rule 17a-4(e)(7).² The required written description is intended, among other things, to assist the SEC and exchange staff in assessing compliance with the rule.
6. Rule 15c3-5(b) specifically requires broker-dealers with market access, or that provide a customer with market access, to “establish, document, and maintain a

² See 17 C.F.R. § 240.15c3-5(b), which by reference to Rule 17a-4(e)(7), requires a broker-dealer to maintain and preserve such description “until three years after the termination of the use of” the document. See 17 C.F.R. § 240.17a-4(e)(7).

system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity.”

7. Rule 15c3-5(c)(1) requires firms that provide market access to establish risk management controls and supervisory procedures that are “reasonably designed to systematically limit the financial exposure of the broker or dealer that could arise as a result of market access.” An important purpose of Rule 15c3-5 is to ensure that market access providers “appropriately control the risks associated with market access so as not to jeopardize their own financial condition, that of other market participants, the integrity of trading on the securities markets, and the stability of the financial system.” 75 Fed. Reg. 69792, 69792 (Nov. 15, 2010); *see* 17 C.F.R. § 240.15c3-5.
8. During the Relevant Period, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures, including written supervisory procedures and an adequate system of follow-up and review, reasonably designed to manage the financial, regulatory, and other risks of its market access business. Specifically, during the Relevant Period:
 - a. The Firm failed to establish, document, and maintain a system of 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, or that indicate duplicative orders, in violation of Exchange Act Rules 15c3-5(b) and (c)(1)(ii). *See* paragraphs 10 - 36.
 - b. The Firm 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 market access business to prevent the entry of orders that exceed appropriate pre-set credit thresholds, in violation of Exchange Act Rules 15c3-5(b) and (c)(1)(i). *See* paragraphs 38 - 43.
 - c. The Firm’s written supervisory procedures (“WSPs”) did not detail the Firm’s process for conducting its annual review of Rule 15c3-5 controls, and the Firm did not conduct an adequate review of the appropriate levels of those controls, in violation of Exchange Act Rules 15c3-5(b) and (e). *See* paragraphs 45 - 48.
 - d. In connection with the above Rule 15c3-5 violations, the Firm failed to establish and maintain a system of risk management controls and WSPs reasonably designed to manage the regulatory risks in connection with market access as required under NYSE Arca Rules 6.18 and 11.18. *See* paragraphs 50 - 59.
9. The Firm executed millions of trades and billions of shares on NYSE Arca during the Relevant Period. The Firm’s failures thus resulted in billions of shares routed to

the Exchange without being subject to reasonably designed risk management controls, including reasonably designed erroneous order controls or reasonably designed credit controls.

SpeedRoute Failed to Establish Reasonably Designed Pre-Trade Erroneous Order Controls

10. Pursuant to Rule 15c3-5(b) and 15c3-5(c)(1)(ii), broker-dealers are required to establish, document, and maintain “risk management controls and supervisory procedures . . . reasonably designed to . . . [p]revent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.” Rule 15c3-5 requires such controls and procedures in order to reduce risks to broker-dealers, their clients, and the securities markets.
11. SpeedRoute failed to implement reasonably designed pre-trade controls applicable to orders submitted by its clients and failed to establish and implement supervisory procedures reasonably designed to prevent the entry of erroneous orders during the Relevant Period.
12. Specifically, the Firm failed to comply with Rule 15c3-5(c)(1)(ii), because: (a) certain of the Firm’s erroneous order controls were ineffective from at least January 26, 2017 through December 31, 2019; (b) the Firm’s erroneous order controls, once functional, were unreasonably designed; (c) the Firm failed to provide a basis or rationale for the controls’ parameters, and failed to provide documentation showing the basis or rationale for making changes to the parameters; and (d) the Firm failed to develop and implement reasonable procedures related to establishing, amending, or monitoring erroneous order controls. Ultimately, the Firm was unable to provide information demonstrating that the erroneous order controls in place during the Relevant Period, including controls as to order size, value, and price, were reasonable given its clients’ trading activity.
13. The Firm failed to prevent the transmission of certain erroneous orders to the Exchange, causing erroneous order events resulting in 40 Clearly Erroneous Execution (“CEE”) petitions with the Exchange. The Firm also resolved a number of erroneous orders directly with affected clients, without identifying such erroneous orders to the Exchange. Many of the CEE filings related to trades executed prior to the market opening and resulted in busted executions, and certain of the erroneous orders caused price disruption in the market.
14. As will be discussed, SpeedRoute’s erroneous order controls were unreasonable in several respects. SpeedRoute failed to implement any price-based erroneous order controls from January 2017 through March 2019 due to problems with its systems settings and data integration. Moreover, SpeedRoute failed to implement a reasonable: (i) Maximum Notional Price Control; (ii) Maximum Price Deviation Control; (iii) Maximum Shares Control; (iv) Duplicative Order Control and Maximum Order per Second Control; and (v) Security-Specific Control.

From at Least January 2017 through March 2019 SpeedRoute Failed to Apply any Price-Based Erroneous Order Controls

15. During the period from at least January 2017 through March 2019, the Firm failed to apply any erroneous order controls related to price (either Maximum Notional Price Controls or Price Deviation Controls) to any of its clients. This was due to an erroneous system setting and to an error in market data integration, both of which resulted in the operational failure of those controls (the “Data Issue”).
16. After learning that certain erroneous order controls were not functional in the fourth quarter of 2018, the Firm continued to send orders to NYSE Arca while it resolved the Data Issue. Complete resolution of the Data Issue took over a year, during which time the Firm failed to establish additional controls or safeguards to control the risks involved, or to alert the Exchange.

SpeedRoute Failed to Implement a Reasonable Maximum Notional Price Control (Max Dollar Per Order)

17. Even after the Data Issue, during the period from April 2019 through November 5, 2021, the Firm failed to apply reasonable Maximum Notional Price controls. The Firm was unable to demonstrate that it took into consideration client characteristics or historical trading patterns in determining the controls. In addition, the Firm was unable to provide a basis or rationale, including documentation, explaining how the controls were determined, and was unable to produce documentation showing the basis or rationale for changing controls.
18. For example, the Firm applied a standardized notional control of \$5,000,000, \$10,000,000 or \$50,000,000 to certain of its clients. However, the Firm was unable to show that these controls were reasonable, or to demonstrate the process by which these were assigned to clients.
19. In addition, in certain instances, the notional values set by the Firm were unreasonably large, and did not take into account historical utilization rates. For example, one client that had a Maximum Notional Price control set to \$1 billion in 2020 did not send an order larger than \$3 million that year.
20. Moreover, certain Maximum Notional Price controls were set at a level equal to or higher than a client’s credit limits, rendering the control ineffective.
21. Additionally, the Firm granted client requests to increase the applicable Maximum Notional Price control without documenting an analysis to support the proposed changes.

SpeedRoute Failed to Implement a Reasonable Maximum Price Deviation Control (% Away)

22. Even after the Data Issue, during the period April 2019 through November 5, 2021, the Firm failed to apply reasonable Maximum Price Deviation controls.

23. The Firm was unable to provide a basis or rationale, including documentation, explaining how the controls were determined, and was unable to produce documentation showing the basis or rationale for changing controls.
24. The Firm's Maximum Price Deviation controls were largely based on NYSE Arca CEE guidelines. The guidelines should not be relied upon as a firm's pricing control, unless the firm demonstrates a rational basis for doing so, which the Firm was unable to do.
25. Additionally, the Maximum Price Deviation controls were based on the National Best Bid and Offer ("NBBO") rather than the appropriate reference price. The Firm's price deviation control was not reasonably designed to prevent the entry of erroneous orders, particularly during the pre- and post-market sessions, where conditions may create wide NBBO spreads.
26. Where SpeedRoute deviated from Exchange guidelines, many times the parameters were too high to be effective. For example, for certain clients, the Firm's price threshold ranged from 30% to 500% for securities less than \$1.00.
27. Moreover, in several instances, the Firm deferred to clients in setting Maximum Price Deviation controls without any documented rationale as to why those limits were reasonable. For example, the Firm applied a 35% Maximum Price Deviation control to a number of clients at their request, without any documented justification.

SpeedRoute Failed to Implement a Reasonable Maximum Shares Control (Volume)

28. During the period from at least January 2017 through November 5, 2021, the Firm failed to apply a reasonable Maximum Shares control.³
29. The Firm was unable to provide a basis or rationale, including documentation, explaining how the Maximum Shares control settings were determined, and was unable to produce documentation showing the basis or rationale for changing the controls.
30. During the period from at least January 2017 through March 2019, the Firm's Maximum Shares control was unreasonable, because it was set at 999,999 shares for virtually all clients. According to the Firm, this control was assigned to each client based on the expected characteristics of a client's order flow and the trading activity of similarly situated clients. However, the Firm was unable to provide any evidence to demonstrate that it undertook this type of analysis.
31. In many instances, the Maximum Shares control was set at too large a value to serve as a meaningful control. In certain instances, clients' actual utilization rates compared to volume setting was less than 1%.

³ The Firm's single order quantity control was not impacted by the Data Issue.

32. During the period from April 2019 to November 5, 2021, the Firm re-evaluated and remediated its controls. However, these remained unreasonable because many of the Firm's clients continued to have settings that vastly outsized their usage rates. For example, one client with a single order quantity control of 30 million shares in 2020 did not send an order of more than 249,100 shares.

SpeedRoute Failed to Implement a Reasonable Duplicative Order Control and Maximum Order per Second Control

33. From at least January 2017 through March 2019, the Firm failed to apply duplicative order and maximum order per second controls to most client orders. Those that were applied were unreasonably designed because they were set without any basis or rationale and were set at levels too high to be effective.
34. During the period from April 2019 through November 5, 2021, the Firm applied duplicative order and maximum order per second controls to additional client orders. However, the Firm remained unable to provide a basis or rationale, including documentation, explaining how the duplicative order control and maximum order per second controls were determined, and was unable to produce documentation showing the basis or rationale for changing controls.
35. For certain clients, the duplicative order control and maximum order per second control parameters were set at too large a value to serve as a meaningful control. For example, one client had a maximum order per second control set to 2,500, a maximum share quantity control set to 1 million, and a maximum dollar per order control set to \$50 million. Accordingly, 2.5 billion shares could have been sent to the market in one second, with a potential credit exposure of \$125 billion.

SpeedRoute Failed to Implement a Reasonable Security-Specific Control (ADV)

36. From at least January 2017 through November 5, 2021, the Firm's erroneous order controls did not take into account the liquidity or trading volumes, including average daily volume, of individual stocks. Specifically, the Firm's parameters did not block trades on the basis of the security's average daily volume ("ADV"). The Firm's failure to employ an ADV control was unreasonable in light of the Firm's failure to implement other reasonable erroneous order controls and credit limits, including unreasonably high price and volume parameters given the Firm's trading activity.
37. Accordingly, for the reasons discussed in paragraphs 10 - 36 above, the Firm violated Exchange Act Rules 15c3-5(b) and 15c3-5(c)(1)(ii).

SpeedRoute Failed to Establish Reasonably Designed Credit Thresholds

38. Rule 15c3-5(c)(1)(i) requires that controls and procedures be reasonably designed to "prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer . . . by rejecting orders if such orders would exceed the applicable credit or capital thresholds." Furthermore, the SEC's Rule 15c3-5 Adopting Release stated that "a broker-dealer will be required to set

appropriate credit thresholds for each customer for which it provides market access, including broker-dealer customers,” and that such thresholds will be “determin[ed] based on appropriate due diligence as to the customer’s business, financial condition, trading patterns, and other matters” and that the firm’s decision should be documented. The Adopting Release also stated that “the Commission expects that the broker-dealer will monitor on an ongoing basis whether the credit thresholds remain appropriate, and promptly make adjustments to them, and its controls and procedures, as warranted.”

39. During the period from at least January 2017 through March 2019, the Firm failed to apply credit limit controls to any of its clients due to the Data Issue.
40. After learning that no credit limit controls were being applied at the end of 2018 due to the Data Issue, the Firm continued to send orders to the Exchange over a year-long period without establishing additional controls or safeguards to control the risks involved, or alerting the Exchange.
41. From April 2019 through November 5, 2021, the Firm still failed to determine and implement reasonable credit limits for many of its clients.
42. The Firm was unable to provide a reasonable justification or rationale, including documentation, for setting or changing its credit limits during the Relevant Period.
43. While the Firm stated that it used initial risk parameters to set client credit limits, the Firm was unable to provide documentation regarding assigned risk parameters. For example, the Firm assigned one client an aggregate daily buying threshold of \$110 billion, despite a utilization rate of less than 1%. As of October 2020, 28 of the Firm’s clients had credit limits in excess of \$1 billion, despite the fact that the Firm was unable to provide documentation justifying these settings.
44. In addition, the Firm deferred to clients in certain instances when setting credit limits without any reasonable basis on which to believe those limits were reasonable. For example, one client asked to increase its credit limit from \$150 million to \$1.5 billion. The Firm’s former CCO promptly approved the request. The Firm was unable to demonstrate that it conducted an analysis to determine whether such an increase was reasonable. Accordingly, for the reasons discussed in paragraphs 38 - 43 SpeedRoute violated Exchange Act Rules 15c3-5(b) and 15c3-5(c)(1)(i).

SpeedRoute Failed to Establish a System for Regularly Reviewing Risk Management Controls and for Annual Review and Certification

45. Rule 15c3-5(e) requires a broker or dealer with market access to establish, document, and maintain a system for regularly reviewing the effectiveness of its risk management controls and for promptly addressing any issues. Rule 15c3-5(e)(1) requires the broker or dealer to review, no less frequently than annually, the business activity of the broker or dealer in connection with market access to assure the overall effectiveness of its risk management controls and supervisory procedures. Moreover, this rule requires, among other things, that the review be conducted in accordance

with written procedures and be documented. These provisions were intended to ensure that a broker or dealer “implements supervisory review mechanisms to support the effectiveness of its risk management controls and supervisory procedures on an ongoing basis.”

46. During the Relevant Period, the Firm’s WSPs were unreasonable because they failed to reasonably describe how the Firm’s annual review process should be conducted. Specifically, they failed to describe how the 15c3-5 reviews should be conducted, who should conduct the reviews, and how such reviews are documented and maintained.
47. While the Firm did conduct an annual review of its controls, that review was unreasonable for the entirety of the Relevant Period, because it failed to consider whether its controls were effective and appropriate given the Firm’s business activity. SpeedRoute’s annual review also failed to effectively test the functionality of those controls. The Firm’s annual reviews failed to identify the Data Issue that for at least two years prevented the application of most single order controls and all client credit limits.
48. Additionally, the Firm’s certifications were unreasonable because they did not state that the Firm’s controls complied with Rule 15c3-5; nor did the certifications provide that the Firm reviewed its controls.
49. Accordingly, for the reasons discussed in paragraphs 45 - 48, the Firm violated Rules 15c3-5(b) and 15c3-5(e).

SpeedRoute Failed to Implement Reasonable Policies and Procedures, Including WSPs, Relating to Erroneous Order Controls and Credit Limits

50. NYSE Arca Rule 11.18(b) requires member firms to “establish and maintain a system to supervise the activities of its associated persons and the operations of its business. Such system must be reasonably designed to ensure compliance with applicable federal securities laws and regulations and NYSE Arca Rules.” Prior to the adoption of NYSE Arca Rule 11.18(b) on August 17, 2017, NYSE Arca Equities Rule 6.18(b) imposed similar obligations.
51. NYSE Arca 11.18(c) requires each member firm to “establish, maintain, and enforce written procedures to supervise the business in which it engages and to supervise the activities of its associated persons that are reasonably designed to ensure compliance with applicable federal securities laws and regulations, and with the NYSE Arca Rules.” Prior to the adoption of NYSE Arca Rule 11.18(c) on August 17, 2017, NYSE Arca Equities Rule 6.18(c) imposed similar obligations.
52. During the Relevant Period, SpeedRoute’s supervisory system and WSPs were not reasonably designed to ensure compliance with the requirements of the Market Access Rule related to erroneous order controls, credit limits, or the certification process.

53. SpeedRoute failed to document the rationale and methodology it used to establish client erroneous order controls and credit limits during the Relevant Period.
- a. While the Firm's WSPs identified the general types of controls used by the Firm to prevent clearly erroneous orders, the Firm's WSPs did not provide guidance on how to establish specific client erroneous order controls.
 - b. In addition, while the Firm's WSPs identified credit tiers to be used for new clients and listed the factors to consider when assigning tiers, the WSPs provided no guidance on how to analyze those factors to determine which credit tier was appropriate for which client. Moreover, the Firm was unable to identify initial client assignments or provide the documentation underlying those assignments. And, the Firm failed to provide evidence that the credit limits for its clients were set based on the criteria enumerated in the Firm's WSPs.
54. The Firm also failed to document the rationale and methodology it used to monitor and adjust clients erroneous order controls and credit limits during the Relevant Period.
- a. Specifically, the Firm's WSPs provided no guidance on how to conduct reviews, what factors to consider, or how often reviews were to take place. It appears that changes to erroneous order controls and credit limits were done on an episodic, *ad hoc* basis, rather than based upon a specific, documented methodology.
 - b. While the Firm claims it relied on certain reports to monitor and adjust both credit limits and erroneous order controls, the WSPs failed to adequately identify and describe those reports, and provided no guidance on which specific reports to analyze, how to conduct the review, or how frequently the review should be conducted.
55. SpeedRoute's supervisory system, including its WSPs, was also not reasonably designed to ensure periodic monitoring was occurring and sufficient documentation was created and maintained for each client's limits. Additionally, the Firm was unable to provide documentation showing that it conducted a reasonable review of each client's limits. In fact, the Firm failed to implement a process to reasonably review client limits during the Relevant Period. For example, in January 2020, one client requested an increase in its credit limit from \$100 million to \$150 million. SpeedRoute responded by advising that the client's daily credit limit was already \$2 billion.
56. As discussed above, in certain instances SpeedRoute deferred to clients in setting and changing erroneous order controls and credit limit controls without any documented basis as to why those limits were reasonable. The Firm's WSPs provided no guidance on how to respond to such requests, who should review them, or how those requests should be documented.

57. The Firm's WSPs failed to describe how the annual review process of its Rule 15c3-5 controls and procedures was to be conducted, as required by Rule 15c3-5(e).
58. Furthermore, the Firm's WSPs described controls that did not exist. For example, the Firm's WSPs described an ADV control never implemented by the Firm during the Relevant Period. The WSPs also identified an annual 15c3-5 report prepared by a 15c3-5 committee, which did not exist.
59. The Firm did not identify the Data Issue, despite the fact that 30 CEE Petitions were filed on NYSE Arca during this time period. These constituted red flags that should have alerted the Firm to the fact that its client credit limits and certain erroneous order controls were not effective.
60. Accordingly, the Firm violated Rule 15c3-5(b), and NYSE Arca Rule 6.18(b) and (c) (for conduct prior to August 17, 2017) and NYSE Arca Rule 11.18(b) and (c) (for conduct between August 17, 2017 and November 5, 2021).

OTHER FACTORS

61. In determining to resolve this matter on the basis set forth herein, Enforcement took into consideration the fact that, during the course of NYSE Regulation's investigation, the Firm engaged a compliance consultant to assist with remediating deficiencies related to the Market Access Rule, specifically deficiencies related to pre-trade controls and certification.

SANCTIONS

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

1. Censure and fine in the amount of \$510,000 payable to NYSE Arca;⁴ and

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

⁴ Nasdaq conducted a parallel investigation to this matter. The Firm consents to a fine payable to each of Nasdaq and NYSE Arca, totaling \$960,000.

local tax for any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts.

2. Undertaking

Within 90 days of the execution of this AWC (or such other time as may be mutually agreed to with NYSE Regulation staff), the Firm agrees to: 1) revise its written supervisory procedures and supervisory systems to address the deficiencies described above; and 2) provide a certification that the Firm has addressed the deficiencies, with the date the revisions were implemented.

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

3. Submission of this AWC is conditioned upon acceptance of a similar settlement agreement in a related matter between SpeedRoute and The Nasdaq Stock Market LLC.

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.

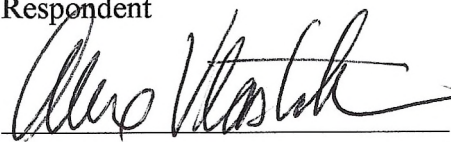
- E. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. Any such statement 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 or identified in a privilege log. 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.

12.30.2021
Date

SpeedRoute, LLC,
Respondent

By: 
ALEX VLASTAKIS
PRESIDENT

Reviewed by:


Leonard J. Amoruso
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New York, NY 10036

James Dombach
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1001 G Street, NW
Washington, DC 20001

Counsel for Respondent

Accepted by NYSE Regulation

12/30/2021

Date



Danielle A. Kantor
Director, Enforcement
NYSE Regulation

Hanna Seifert
Enforcement Counsel
NYSE Regulation

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