

**NYSE ARCA, INC.  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2019061184304**

TO: NYSE Arca, Inc.

RE: Dash Financial Technologies LLC, Respondent  
CRD No. 104031

**From March 1, 2017 through November 8, 2017, Dash Financial Technologies LLC (“Dash” or the “Firm”) violated Section 17(a)(1) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 17a-3(a)(6)(i) thereunder, and NYSE Arca Rules 6.68-O(a)(8), 6.69-O, and 11.16(a), by routing to NYSE Arca options orders totaling approximately 67,642 contracts with an inaccurate origin code. During this same period, Dash also violated NYSE Arca Rule 11.18 by failing to reasonably supervise options order origin codes. Consent to a censure and a \$40,000 fine.**

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Pursuant to Rule 10.9216 of the NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) Code of Procedure, Dash 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. Dash 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. Dash became registered as an Options Trading Permit (“OTP”) holder on October 1, 2002. Dash is an agency-only broker dealer that provides routing and execution services to institutional clients for options and equities. Dash does not have relevant disciplinary history.

**PROCEDURAL HISTORY**

2. On NYSE Arca’s behalf, FINRA’s Department of Market Regulation, Options Regulation section, reviewed Dash’s compliance with NYSE Arca rules and federal securities laws and regulations governing the use of origin codes from March 1, 2017 through November 8, 2017.

## VIOLATIONS

3. Section 17(a)(1) of the Exchange Act and Rule 17a-3(a)(6)(i) thereunder requires member firms to create a memorandum of each order, and any other instruction, showing the terms and conditions of the order. NYSE Arca Rule 6.68-O(a)(8)<sup>1</sup> requires inclusion of an account origin code on every order record. NYSE Arca Rule 6.69-O requires OTP Firms to report each options transaction to the Exchange and to include the account origin code in the reports. NYSE Arca Rule 11.16(a) requires every OTP Firm to make and keep records as prescribed by NYSE Arca and by the Exchange Act and rules thereunder.
4. Origin codes are important because, among other things, they affect the accuracy of the OTP holder's order records and the Exchange's audit trail, which may impact the Exchange's surveillance for compliance with Exchange rules and federal securities laws. In addition, origin codes must be accurate as part of ensuring that trades are reported to the Options Clearing Corporation with accurate trade details.
5. On March 1, 2017, Dash acquired a third-party platform, LiquidPoint, from another broker-dealer. From March 1, 2017 through November 8, 2017, Dash routed to nine options exchanges, including NYSE Arca, approximately 60,277 options orders, totaling approximately 271,658 contracts, from a broker-dealer client that had been incorrectly on-boarded in LiquidPoint as "Customer" instead of "Broker-Dealer". Dash learned of the issue in or about early October 2017, and by November 8, 2017, Firm technology personnel completed implementing corrective changes.
6. Each instance in which Dash routed an order with an incorrect origin code potentially had several consequences, such as inadvertently impacting the priority of order execution, creating an inaccurate audit trail and inaccurate order records, reporting trades to the Options Clearing Corporation with inaccurate trade details, allowing the Firm to avoid certain Exchange fees that it otherwise should have incurred, and impeding NYSE Arca's ability to surveil for and detect potential violations of its rules and federal securities laws.
7. By marking orders with incorrect origin codes from March 1, 2017 through November 8, 2017, Dash violated Section 17(a)(1) of the Exchange Act and Rule 17a-3(a)(6)(i) thereunder; and NYSE Arca Rules 6.68-O(a)(8), 6.69-O, and 11.16(a).
8. In addition, from March 1, 2017 through November 8, 2017, Dash failed to establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, reasonably designed to achieve compliance with rules requiring the use of accurate origin codes, notwithstanding the supervisory reports and processes that the firm had established. For at least seven months after acquiring LiquidPoint, Dash did

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<sup>1</sup> As part of integrating the rulebooks for NYSE Arca's options market and NYSE Arca Equities, rules that apply only to the options market are now indicated by an "-O" at the end of the rule number. Exchange Act Release No. 81419 at 12-13 (Aug. 17, 2017), 82 Fed. Reg. 40044, 40047 (Aug. 23, 2017).

not conduct any reviews to ensure that the client accounts it took over when it acquired LiquidPoint had been on-boarded with a correct origin code. Such conduct violated NYSE Arca Rule 11.18.<sup>2</sup>

### **OTHER FACTORS**

9. In determining to resolve this matter on the basis set forth herein, the Exchange took into consideration that Dash's use of incorrect origin codes resulted in the Firm not incurring certain Exchange fees that it otherwise would have incurred had it marked the orders correctly. The Exchange considered this as an aggravating factor in determining appropriate sanctions.

### **SANCTIONS**

B. Dash also consents to the imposition of the following sanctions:

- 1. Censure and a fine of \$40,000.<sup>3</sup>**

The Firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is 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 sanctions 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 Respondent 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

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<sup>2</sup> NYSE Arca Rule 11.18(a) requires OTP Firms to supervise associated persons with respect to compliance with federal securities laws and Exchange rules. NYSE Arca Rule 11.18(b) requires OTP Holders to establish and maintain a supervisory system reasonably designed to ensure compliance with applicable federal securities laws and regulations and NYSE Arca Rules. NYSE Arca Rule 11.18(c) requires OTP Holders 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 NYSE Arca Rules.

<sup>3</sup> This settlement relates to other settlements Dash reached with NYSE American LLC, the NASDAQ Options Market LLC, Nasdaq BX, Inc., Miami International Securities Exchange, LLC, and MIAX PEARL, LLC.

Arca's Code of Procedure:

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

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

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte 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 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 NYSE Arca, 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 NYSE Arca, or to which NYSE Arca is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which NYSE Arca 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 NYSE Arca, 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.

