

NYSE CHICAGO, INC.

In the Matter of:)

Goldman Sachs &)
Co. LLC)
(CRD No. 361))

Respondent.)

Proceeding No. 2019063499513

**ORDER INSTITUTING PROCEEDINGS, ACCEPTING
SETTLEMENT, MAKING FINDINGS, AND IMPOSING SANCTIONS**

I.

NYSE Chicago, Inc. ("NYSE Chicago" or the "Exchange"), pursuant to Article 12, Rule 1(d) of the Rules of the Exchange, in lieu of filing charges, hereby enters this Order against the Respondent Goldman Sachs & Co. LLC ("Respondent," or the "Firm") instituting proceedings, accepting an Offer of Settlement, making findings, and imposing sanctions.¹

II.

In anticipation of the institution of these proceedings, the Respondent has submitted an Offer of Settlement ("Offer") to NYSE Chicago, which NYSE Chicago has determined to accept. This Order accepting the Offer of the Respondent, together with the Offer in and of itself, hereby constitutes the "Settlement Agreement." Respondent, without admitting or denying the findings herein, except as to the Exchange's jurisdiction over the Firm and over the subject matter of these proceedings, which is admitted solely for the purposes of this proceeding or any other proceeding brought by or on behalf of the Exchange, or to which the Exchange is a party, prior to a hearing and without adjudication of any issue of law or fact, consents to the entry of this Order Instituting Proceedings, accepting an Offer of Settlement, Making Findings, and Imposing Sanctions (the "Order").

III.

Goldman became a participant of NYSE Chicago in 1964 and its registration remains in effect. The Firm is a full-service broker-dealer engaged in market making, execution services, and underwriting. The Firm is headquartered in New York, New York and has approximately 7,700 registered persons and more than 75 branch offices. Goldman is subject to the disciplinary jurisdiction of NYSE Chicago pursuant to Article 12, Rule 7(a) of the Rules of the Exchange. The Firm does not have any relevant disciplinary history.

¹ This matter is being resolved simultaneously with related matters brought by Cboe BYX Exchange, Inc.; Cboe BZX Exchange, Inc.; Cboe EDGA Exchange, Inc.; Cboe EDGX Exchange, Inc.; FINRA; Investors Exchange LLC; The Nasdaq Stock Market LLC; Nasdaq BX, Inc.; Nasdaq Phlx LLC; The New York Stock Exchange LLC; NYSE American LLC; NYSE Arca, Inc.; and NYSE National, Inc.

IV.

FACTS

Until April 2023 (the “Relevant Period”), Goldman Sachs & Co. LLC failed to include warrants, rights, units, and certain over the counter (OTC) equity securities in nine of its automated surveillance reports designed to identify potentially manipulative proprietary and customer trading activity. As a result, Goldman’s supervisory system, including its written supervisory procedures (“WSPs”), were not reasonably designed to identify potentially manipulative trading activity.

V.

LEGAL ANALYSIS

A. Applicable Rules

NYSE Chicago Article 6, Rule 5(a) provides that, “[n]o Participant shall engage in conduct in violation of the Securities Exchange Act of 1934, as amended, rules or regulations thereunder, the Bylaws or the Rules of the Exchange, or any written interpretation thereof. Every Participant is responsible for reasonably supervising its associated persons to prevent such violations.”

NYSE Chicago Article 6, Rule 5(c) provides that “[e]ach Participant Firm shall establish, maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of registered and associated persons. Such written procedures must be reasonably designed to achieve compliance with applicable securities laws and regulations, and with the applicable rules of the Exchange. The Participant Firm’s written supervisory procedures shall set forth the supervisory system established by the Participant Firm[.]”

From February 2009 until April 2023, Goldman failed to include warrants, rights, units, and certain OTC equity securities in nine surveillance reports designed to identify potentially manipulative proprietary and customer trading. These securities were excluded for extended periods ranging from approximately two years to more than 12 years. For example, a Goldman surveillance report designed to identify potential wash trades excluded warrants from October 2010 until March 2021 and excluded rights and units from October 2010 until April 2022. Additionally, Goldman’s surveillance reports designed to identify potential marking the open and marking the close excluded warrants, rights, units, and certain OTC equity securities from the inception of the reports in February 2009 until April 2018.

As a result of the gaps in its surveillance reports and WSPs, Goldman could not perform reasonable supervisory reviews of trading activity in warrants, rights, units, and certain OTC equity securities for potential manipulation. Goldman added the missing securities to the surveillance reports either in response to FINRA’s investigation or through the Firm’s adoption of new surveillance reports. Goldman completed remediation for all surveillance reports by April 2023.

Goldman’s supervisory system, and WSPs, also did not require a review of its automated surveillance reports to ensure they included all relevant securities traded as part of the Firm’s business. As a result, the Firm failed to detect that nine surveillance reports for potentially manipulative trading excluded warrants, rights, units, and certain OTC equity securities. In February 2021, Goldman implemented reviews to identify if any security has been inadvertently excluded from new or modified surveillance reports.

Based on the foregoing, Goldman violated NYSE Chicago Article 6, Rule 5(a) and (c).

VI.

SANCTION

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

In view of the foregoing, the Exchange deems it appropriate to censure and fine Goldman \$37,000 (resolved simultaneously with similar matters for a total fine of \$512,500).² Payment of this amount shall be due no later than the 15th day following the issuance of this Order.

NYSE CHICAGO, INC.

By: Ms. Jaime Klima, Chief Regulatory Officer / TMF

Date: February 5, 2024

² Those matters were brought by Cboe BYX Exchange, Inc.; Cboe BZX Exchange, Inc.; Cboe EDGA Exchange, Inc.; Cboe EDGX Exchange, Inc.; FINRA; Investors Exchange LLC; The Nasdaq Stock Market LLC; Nasdaq BX, Inc.; Nasdaq Phlx LLC; The New York Stock Exchange LLC; NYSE American LLC; NYSE Arca, Inc.; and NYSE National, Inc.