

**NEW YORK STOCK EXCHANGE LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2016-01-15-00001**

TO: New York Stock Exchange LLC

RE: Americas Executions, LLC, Respondent
CRD No. 140345

During the period from October 1, 2015 through January 11, 2016, Americas Executions, LLC violated Rule 15c3-5 of the Securities Exchange Act of 1934 and NYSE Rule 3110 by failing to document a system of risk management controls and maintain supervisory procedures reasonably designed to prevent the entry of erroneous orders, and further violated NYSE Rule 134 by effecting covering sell orders through an error account without indicating that the transactions were to cover an error. Consent to a censure, a \$17,500 fine, and an undertaking.

* * *

Pursuant to Rule 9216 of the New York Stock Exchange LLC (the “NYSE” or the “Exchange”) Code of Procedure, Americas Executions, LLC (“AmerX” 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, the NYSE will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. AmerX 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 the NYSE, or to which the NYSE 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 the NYSE:

BACKGROUND AND JURISDICTION

1. AmerX is a New York limited liability company that has held an NYSE trading license since August 3, 2015. The Firm’s predecessor entity became registered as a member organization with the Exchange on April 12, 2006, converted to a regulated only member firm on February 22, 2012, and was reapproved as an NYSE floor brokerage firm in 2015.

PROCEDURAL HISTORY

2. This matter arises from an investigation by the Surveillance & Investigations section of NYSE Regulation into the circumstances surrounding an erroneous order entered by the Firm on January 11, 2016, as well as the Firm’s compliance with Securities Exchange Act Rule 15c3-5 (“Rule 15c3-5”) and NYSE Rules 134 and 3110 from

October 1, 2015 through January 11, 2016 (the “Review Period”).

3. In a letter dated May 5, 2016, the Enforcement section of NYSE Regulation, on behalf of the Exchange, notified the Firm that it was investigating whether AmerX failed to establish and maintain risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders, in violation of Rule 15c3-5 and NYSE Rule 3110, and failed to mark transactions effected through its error account in accordance with NYSE Rule 134. As a result of this investigation, the Firm was found to have violated Rule 15c3-5(b) and (e), and NYSE Rules 134 and 3110, as described in detail below.

VIOLATIONS

The January 11, 2016 Erroneous Order

4. On January 11, 2016, at approximately 9:20 a.m., the Firm received an order (the “Order”) to buy 2 million shares of an Exchange-listed security (anonymized hereafter as “XYZ”) with a \$30.00 limit from a FINRA-registered broker-dealer. The Order was received via the Exchange’s Broker Booth Support System (“BBSS”) and forwarded to the handheld device (“HHD”) of a Firm floor broker (the “Floor Broker”). The instructions were to work the Order over the day with the \$30.00 limit.
5. The HHD’s available risk management safety features included a “pop-up” message to confirm that orders are made intentionally. The Firm enabled this feature for all types of orders, except e-Quote orders, to achieve greater speed of execution.
6. The Order was partially completed over the morning, as the Floor Broker submitted a number of child orders via the HHD.
7. At 11:18:13.850 a.m., the Floor Broker transmitted an order, a pegging e-Quote to buy 5,000 shares of XYZ, by tapping the HHD. After this 5,000-share order was transmitted, the HHD reverted from the e-Quote peg screen to the e-Quote simple screen and automatically populated with the balance of the Order, or 984,000 shares of XYZ, with the Order’s \$30.00 limit price. When a second tap of the Floor Broker’s HHD registered at 11:18:13.912, the Erroneous Order, an e-Quote simple order to buy 984,000 shares of XYZ with a limit price of \$30.00, was transmitted to the market.
8. The Erroneous Order received more than 90 executions ranging from \$28.50 to \$29.92, resulting in 431,121 shares of XYZ being transacted at an average price of \$29.0480 prior to the order being canceled. The price of XYZ increased by \$1.42 (or almost 5%) in less than one second.
9. After its client declined to accept the executions on the 431,121 shares of XYZ, the Firm sold the 431,121 shares at an average price of \$28.3330 from 12:59:05 to 13:51:58.
10. Although the Firm effected the covering sell orders through its error account and

attempted to append the “Q” modifier to indicate that the transactions were to cover an error, the Firm’s order management system (“OMS”) did not transmit the Q modifier. The Firm was responsible for making sure that its OMS was properly configured to support the Q modifier.

11. The Firm incurred losses of approximately \$308,000 as a result of the Erroneous Order, approximately 50% of which was recovered from the Floor Members Emergency Fund.

Violation of Rule 15c3-5

12. Rule 15c3-5 is designed to reduce the risks faced by broker-dealers, as well as the markets and the financial system as a whole, as a result of various market access arrangements, by requiring effective financial and regulatory risk management controls reasonably designed to limit financial exposure and ensure compliance with applicable regulatory requirements to be implemented on a market-wide basis.
13. Rule 15c3-5(b) requires, among other things, a broker or dealer with market access, as defined by that Rule, to “establish, document, and maintain a system of risk management controls and supervisory procedures designed to manage the financial, regulatory, and other risks” of its market access activity and to preserve a copy of such supervisory procedures and a written description of its risk management controls as part of its books and records.
14. Pursuant to Rule 15c3-5(e), a broker or dealer is required to establish, document, and maintain a system for regularly reviewing the effectiveness of the risk management controls and supervisory procedures required by the Rule. Rule 15c3-5(e)(1) requires that broker-dealers “shall 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 such risk management controls and supervisory procedures” and that “such review shall be conducted in accordance with written procedures and shall be documented.”
15. On the date at issue, the Firm’s trading system had single order quantity (“SOQ”), single order notional value (“SOV”), and stock price variation limits in place. However, none of these limits prevented, or were triggered by the Erroneous Order.
16. During the Review Period, the Firm failed to specifically refer to and document the SOQ, SOV, and stock price variation limits, and also failed to document its system for regularly reviewing the effectiveness of the risk management controls and supervisory procedures in its written supervisory procedures (“WSPs”), as required by Rule 15c3-5(b) and (e).
17. Specifically, although AmerX maintained SOQ, SOV, and stock price variation limits during the Review Period, the Firm’s documentation failed to demonstrate that they were reasonably designed to prevent the entry of erroneous orders. Among other things, AmerX:

- a. did not describe the SOQ, SOV, and stock price variation limits in its WSPs;
- b. did not document its basis for particular SOQ, SOV, and stock price variation limits; and
- c. failed to detail its process for evaluating and reviewing control limits and procedures, including with respect to available supplemental HHD controls.

Violation of NYSE Rule 3110

18. NYSE Rule 3110 sets forth requirements relating to, among other things, supervisory systems, written procedures, internal inspections, and review of correspondence. NYSE Rule 3110(a) provides that each member organization shall establish and maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws, regulations, and Exchange rules. NYSE Rule 3110(b) further provides that each member organization shall establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules.
19. As discussed above, AmerX failed to maintain a supervisory system and written procedures reasonably designed to manage the financial, regulatory, and other risks posed by the entry of erroneous orders. Accordingly, the Firm violated NYSE Rule 3110(a) and (b).

Violation of NYSE Rule 134(d)

20. NYSE Rule 134(d) sets forth requirements regarding maintenance of error accounts at brokers or dealers, and regarding transactions made in error.
21. NYSE Rule 134(d)(ii) specifically provides that any transaction effected on the Floor which results in a member or member organization assuming or acquiring a position in a security as a result of an error and any transaction initiated on the Floor by a member to offset a transaction made in error shall be cleared in the member's or his or her member organization's error account or group error account unless the customer accepts the error transaction, or the DMM in the security accepts the error transaction as a trade on "account of error." Any transaction initiated on the Floor by a member to offset a transaction made in error shall be evidenced by a time stamped order ticket indicating that the transaction is to cover an error.
22. By effecting covering sell orders relating to the Erroneous Order through its error account and marking those orders without indicating that the transactions were to cover an error, the Firm violated NYSE Rule 134(d).

RELEVANT PRIOR DISCIPLINARY HISTORY

23. AmerX has no relevant disciplinary history.

OTHER FACTORS CONSIDERED

24. In determining to resolve this matter on the basis set forth herein, Enforcement took into consideration that AmerX (i) promptly identified the Erroneous Order and notified appropriate personnel that it had occurred, and (ii) took subsequent steps that included enabling “pop-up” messages for e-Quote orders and adjusting its SOV limits.

SANCTIONS

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

1. Censure and fine in the amount of \$17,500.

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.

2. Undertaking

Within 60 days of the execution of this AWC, the Firm agrees to provide (1) a certification that the Firm has revised its written supervisory procedures to address the deficiencies described in the paragraphs above; and (2) the date the revised procedures were implemented.

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 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 the NYSE; 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 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 the NYSE pursuant to NYSE 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, 25 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 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. The NYSE shall publish a copy of the AWC on its website in accordance with NYSE Rule 8313;
 - 4. The NYSE may make a public announcement concerning this agreement and

the subject matter thereof in accordance with NYSE 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 documents in connection with this matter, the Firm made a diligent inquiry of all persons who reasonably had possession of responsive documents, and that those documents have been produced or identified in a privilege log. The Firm acknowledges that, in agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of such document production.

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.

04.03.2017
Date

Americas Executions, LLC,
Respondent

By: Brian Fraioli
Brian Fraioli
Chief Compliance Officer

Reviewed by:



Eden L. Rohrer
Crowell & Moring
590 Madison Avenue, 20th Floor
New York, NY 10022-2544
(212) 223-4000

Counsel for Respondent

Accepted by NYSE Regulation

04/03/2017
Date



David A. Feldman
Senior Enforcement Counsel
NYSE Regulation

Signed on behalf of New York Stock
Exchange LLC, by delegated authority from
its Chief Regulatory Officer

This Corrective Action Statement is submitted by Respondent, Americas Executions, LLC. It does not constitute factual or legal findings by NYSE, nor does it reflect the views of NYSE, or its staff.

**STATEMENT OF CORRECTIVE ACTION BY
AMERICAS EXECUTIONS, LLC**

Americas Executions, LLC (the "Firm") respectfully submits this Statement of Corrective Action to accompany its Letter of Acceptance, Waiver and Consent ("AWC") with regard to the above-referenced matter. In response to the conduct set forth in the AWC, the Firm has voluntarily taken the corrective measures set forth below.

The AWC is based in part on the Firm's failure to specifically incorporate certain features of its market access controls required by SEC Rule 15c3-5 in its written supervisory procedures ("WSPs"). The Firm has updated its WSPs to specify its 15c3-5 controls and the method for documentation, analysis, and testing of the Firm's 15c3-5 procedures.

Additionally, the Firm has implemented additional procedures. Among other things, the Firm has required all of its brokers to enable the E-Quote Pop-up Message on the NYSE handheld devices (the "HHD"), although this is not required by the NYSE or any rule or regulation. The Firm's Chief Compliance Officer ("CCO") and Operations team spot check all HHDs to ensure the Firm's brokers are in compliance with the Firm's policies and procedures. The Firm also amended its Error Account procedures. Firm employees have been notified of these changes in procedures and will continue to receive notifications and training.

The Firm worked with the development team and representatives of its order management system ("OMS") provider to properly enable the Q modifier and to ensure that the Firm will be able to comply with Rule 134. Furthermore, this issue was included in the Firm's 2016 compliance testing.

The Firm fully compensated the customer for the erroneous transaction referred to in the AWC.

The Firm has hired a full-time CCO, who has made improvements and will continue to improve the Firm's compliance and supervisory programs.

The Firm has and will recommend improvements to NYSE technology and systems, including the HHD, which all NYSE firms are required to use. The Firm has actively supported improvements regarding single order limits, among other things. The Firm will consider and implement improvements as they become available, update its WSPs accordingly and provide notice and training to the Firm's brokers.

The Firm included a section regarding Rule 15c3-5 in its Annual Compliance training emphasizing the important role NYSE Members play in maintaining market integrity and investor confidence.