

**NEW YORK STOCK EXCHANGE LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2016-03-00052**

TO: New York Stock Exchange LLC

RE: KCG Americas LLC, Respondent
CRD No. 149823

KCG Americas LLC violated NYSE Rule 104(a)(1) by failing to meet its obligation to maintain continuous two-sided quotes in its assigned securities. Consent to a censure and \$35,000 fine.

* * *

Pursuant to Rule 9216 of the New York Stock Exchange LLC (the "NYSE" or the "Exchange") Code of Procedure, KCG Americas LLC ("KCG" 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. KCG 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. KCG is a broker-dealer firm based in New York, New York. KCG became a member of the NYSE on October 21, 2009, and its registration remains in effect.

PROCEDURAL HISTORY

2. This matter arises from investigations conducted by the NYSE Regulation ("NYSER") Surveillance & Investigations group and FINRA's Department of Market Regulation into NYSE Designated Market Maker ("DMM") participation in August 2015.

VIOLATIONS

3. NYSE Rule 104(a) requires a member acting as DMM on the floor of the Exchange to "engage in a course of dealings for their own account to assist in the maintenance of a fair and orderly market insofar as reasonably practicable." NYSE Rule 104(a)(1)

requires that a DMM, with respect to securities for which it is registered, must assist the Exchange “by maintaining a continuous two-sided quote with a displayed size of at least one round lot.”

4. KCG operated its DMM unit as part of an integrated aggregation unit structure that made markets on the NYSE and other exchanges. The aggregation unit established automated pre-trade risk controls and limits for the aggregation unit as a whole, which included both DMM and non-DMM symbols.
5. On August 24, 2015, at approximately 9:31:04am, KCG’s pre-trade risk controls automatically engaged when the aggregation unit reached its assigned capital limits in the aggregate as a result of trading in both DMM and non-DMM symbols.
6. The engagement of KCG’s risk controls automatically triggered the DMM unit’s algorithmic trading models to enter into risk reduction mode. As a result, the trading models quoted only on the contra side of the market in assigned DMM symbols with existing positions, and ceased quoting in assigned DMM symbols with no existing positions. While KCG’s risk controls were engaged, KCG’s DMM unit generated no algorithmic quotations.
7. KCG manually re-engaged its two-sided quoting models at approximately 9:34:22am, after evaluating its positions and the algorithms.
8. Because KCG’s DMM unit did not quote on both sides of the market in its assigned symbols while its risk controls were engaged, it was unable to maintain continuous two-sided quotes in its assigned symbols, in violation of Rule 104(a)(1).

RELEVANT PRIOR DISCIPLINARY HISTORY

9. On June 30, 2016, KCG received a Cautionary Action Letter (“CAL”) for violating NYSE Rule 104(f). (NYSE Matter No. 2016-03-00055.)
10. On October 28, 2014, KCG received a CAL for violating NYSE Rule 104(a). (FINRA Matter No. 20130394800.)
11. On November 26, 2012, Knight Capital Americas LLC received a CAL for violating NYSE Rule 104(a)(1)(B). (FINRA Matter Nos. 1001086999; 1001087000; 1001087001.)
12. These prior actions were taken into consideration in determining the appropriate sanctions in this matter.

SANCTIONS

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

Censure and fine in the amount of \$35,000

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 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.

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 prejudice 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 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.

May 2, 2017
Date

KCG Americas LLC,
Respondent

By: Matthew Levine
Matthew Levine
Deputy General Counsel

Accepted by NYSE Regulation

5/2/17
Date

Catherine Lifeso
Catherine Lifeso
Senior Enforcement Counsel
NYSE Regulation

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