

BEFORE THE BATS Y-EXCHANGE, INC.

\_\_\_\_\_  
In the Matter of: )  
)

Quantlab Securities, LP )  
4200 Montrose Boulevard )  
Suite 200 )  
Houston, TX 77006 )

Respondent )  
\_\_\_\_\_ )

File No. BYX 14-0001

OFFER OF SETTLEMENT

In order to avoid the time, expense, and uncertainty of a formal disciplinary proceeding, the undersigned hereby submits an Offer of Settlement, pursuant to the provisions of BATS Y-Exchange, Inc. (the "Exchange") Rule 8.8, in the captioned matter.

Quantlab Securities, LP ("Quantlab"), the respondent ("Respondent"), neither admits nor denies the findings herein, and the Consent to Judgment and the Stipulation of Facts and Findings contained herein do not constitute such an admission.

Consent to Judgment, Sanction, and Waiver of Review

Pursuant to Exchange Rule 8.8, the Respondent submits this Offer of Settlement. The Respondent consents to the issuance of a decision based upon the Stipulation of Facts and Findings below and the imposition of the following sanction:

Sanction: A \$7,500 fine and a censure.

Should the Exchange's Chief Regulatory Officer ("CRO") determine to accept this Offer of Settlement, the Respondent acknowledges that it shall be bound by all the terms, conditions, representations, and acknowledgments of this Offer of Settlement and, in accordance with the provisions of Exchange Rule 8.8, it may not seek review of the decision rendered by the CRO upon such acceptance in accordance with the provisions of Exchange Rule 8.8.

Stipulation of Facts and Findings

1. During all relevant periods herein, Quantlab was an effective member of the Exchange that executed agency orders from two affiliated investment advisors.

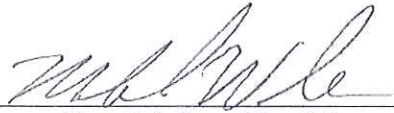
2. During all relevant periods herein, Exchange Rules 2.5 – Restrictions, 3.2 – Violations Prohibited and 4.1 – Requirements; Section 17(a) of the Securities Exchange Act of 1934, as amended (the “Act”) and Rules 17a-3 – Records to be Made by Certain Exchange Members, Brokers and Dealers and 17a-4 – Records to be Preserved by Certain Exchange Members, Brokers and Dealers thereunder; and Section 17(f) of the Act and Rule 17f-2 – Fingerprinting of Securities Industry Personnel thereunder were in full force and effect.
3. Pursuant to a Regulatory Services Agreement, the Chicago Board Options Exchange, Incorporated conducted a Trading and Market Making Surveillance (TMMS) Examination of Quantlab that focused on the months of July 2012 through September 2012.
4. Exchange Rule 2.5 provides, in relevant part, that the “Exchange requires the General Securities Representative Examination...in qualifying persons seeking registration as general securities representatives, including as Authorized Traders on behalf of members...” In addition, Interpretation and Policy .03 requires individuals that are registering with the Exchange to electronically file a Form U4 with the Central Registration Depository.
5. Rule 17f-2, promulgated under the Act, provides, in relevant part, that “every member of a national securities exchange...shall require that each of its partners, directors, officers and employees be fingerprinted and shall submit, or cause to be submitted, the fingerprints of such persons to the Attorney General of the United States or its designee for identification and appropriate processing.”
6. Quantlab failed to register four Authorized Traders as General Securities Representatives (GS) with the Exchange in WebCRD.
7. Quantlab failed to fingerprint four Associated Persons and submit their fingerprint cards to the Central Registration Depository in a timely manner.
8. The acts, practices and conduct described in Paragraph 6 above constitute a violation of Exchange Rule 2.5 by Quantlab, in that Quantlab failed to register four Authorized Traders as General Securities Representatives (GS) with the Exchange in WebCRD.
9. The acts, practices and conduct described in Paragraph 7 above constitute a violation of Exchange Rules 3.2 and 4.1; Section 17(a) of the Act and Rules 17a-3 and 17a-4 thereunder; and Section 17(f) of the Act and Rule 17f-2 thereunder by Quantlab, in that Quantlab failed to fingerprint four Associated Persons and submit their fingerprint cards to the Central Registration Depository in a timely manner.

Respondent understands and acknowledges that the CRO’s decision in this matter will become part of its disciplinary record and may be considered in any future Exchange proceeding.

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Respondent states that it has read the foregoing Offer, that no promise or inducement of any kind has been made to it by the Exchange or its staff, and that this Offer of Settlement is a voluntary act on its part. Respondent approves entry of a decision and order embodying the contents of this Offer of Settlement.

9/23/14  
Date

By:   
Quantlab Securities, LP

Michael W. Hays  
Print Name

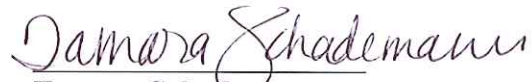
Title: CCO

**ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent, Quantlab Securities LP shall be and hereby is censured and fined in the amount of seven thousand five hundred dollars (\$7,500).

**SO ORDERED  
FOR THE BATS Y-EXCHANGE, INC.**

Dated: 11/7/2014



**Tamara Schademann  
Senior Vice President &  
Chief Regulatory Officer  
BATS Y-Exchange, Inc.**