

**BATS BYX EXCHANGE, INC.**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20150440593-01**

TO: Bats BYX Exchange, Inc.  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: GTS Securities LLC, Respondent  
Broker-Dealer  
CRD No. 149224

Pursuant to Rule 8.3 of the Rules of Bats BYX Exchange, Inc. ("BYX"), GTS Securities LLC (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, BYX will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The firm 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 BYX, or to which BYX 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 BYX:

**BACKGROUND**

The firm became a member of BYX on May 1, 2012, and its registration remains in effect. The firm has no relevant disciplinary history.

**SUMMARY**

In connection with matter 20150440593, the Market Analysis staff of the Department of Market Regulation reviewed the firm's compliance with Regulation NMS during the period from May 11 through May 22, 2012 (the "review period").

**FACTS AND VIOLATIVE CONDUCT**

1. The firm failed to take reasonable steps to establish that certain intermarket sweep orders it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The conduct described in this paragraph constitutes a violation of SEC Rule 611(c) of Regulation NMS and BYX Rule 11.9.d.1.
2. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to SEC Rule 611(c) of Regulation NMS and BYX Rule 11.9.d.1. Specifically, the firm's supervisory system did not include written supervisory

procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to SEC Rule 611(c) of Regulation NMS and BYX Rule 11.9.d.1; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of BYX Rules 5.1 and 3.1

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

A censure; a fine of \$10,000 (consisting of a \$5,000 fine for the SEC Rule 611 and BYX Rule 11.9.d.1 violations and a \$5,000 fine for the BYX Rule 5.1 violation); and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.2. Within 30 business days of this AWC becoming final, a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to [MarketRegulationComp@finra.org](mailto:MarketRegulationComp@finra.org), providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraphs I.A.5 above; and (3) the date the revised procedures were implemented.

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. It has submitted an Election of Payment form showing the method by which it proposes to 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 sanctions imposed herein shall be effective on a date set by BYX.

## II.

### WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under BYX Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges 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 Appeals Committee of the BYX'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 ("CRO"), in connection with her 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 BYX Rule 8.16, 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 CRO, pursuant to BYX Rule 8.3;
- 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. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by BYX or any other regulator against the firm;
  - 2. this AWC will be published on a website maintained by BYX in accordance with BYX Rule 8.11, *Interpretations and Policies .01*; and
  - 3. 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 BYX, or to which BYX 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 BYX is not a party.
- D. 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. This Statement does not constitute factual or legal findings by BYX, nor does it reflect the views of BYX or its staff.

12/06/2016  
Date

By:   
Name: David Lieberman  
Title: Co-founder & COO

Counsel for Respondent

*Tamara Schademann*  
 Tamara Schademann  
 Chief Regulatory Officer  
 Bats BYX Exchange, Inc. 12/15/16

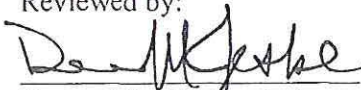
The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, 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.


\_\_\_\_\_  
Date

GTS Securities LLC  
Respondent

By: \_\_\_\_\_  
Name:  
Title:

Reviewed by:

  
Counsel for Respondent  
DEAN M. JESKE  
FOLEY & LARDNER LLP  
12/8/16  
Date

  
Tamara Schademann  
Chief Regulatory Officer  
Bats BYX Exchange, Inc. 12/15/16

### ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- ☐ A firm check or bank check for the full amount; or
- ☒ Wire transfer.

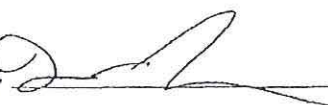
Respectfully submitted,

12/6/2016

Date

Respondent

GTS Securities LLC

By: 

Name: David Lieberman

Title: Co-founder & COO