

**BATS EDGX EXCHANGE, INC.**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20150444461-01**

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

RE: KCG Americas LLC, Respondent  
Broker-Dealer  
CRD No. 149823

Pursuant to Rule 8.3 of the Rules of Bats EDGX Exchange, Inc. (“EDGX”), KCG Americas 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, EDGX 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 EDGX, or to which EDGX 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 EDGX:

**BACKGROUND**

The firm is a U.S. broker-dealer registered with multiple equity exchanges, including EDGX. The firm became a member of EDGX on January 3, 2011, and its registration remains in effect.

**SUMMARY**

In connection with Matter No. 20150444461, the staff of the ETP Surveillance and Investigations Group of the Quality of Markets Section of FINRA Market Regulation Department, on behalf of EDGX, reviewed quoting activities on EDGX during the period between July 1, 2014 and January 31, 2015 (the “review period”).

## FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm had several desks that engaged in market making activities. One of those desks, in 87 instances, failed to maintain its continuous two-sided quotation obligation in one symbol, Berkshire Hathaway Inc. Class A (BRK.A). The firm's failures resulted from the processes utilized by the relevant desk for meeting its quoting obligations for this one symbol, which during the review period, were not automated for this symbol. The foregoing conduct constitutes substantial and continued violations of EDGX Rule 11.20(a)(1).
  2. During the review period, the firm failed to establish, maintain, and enforce adequate supervisory systems, including adequate written supervisory procedures, reasonably designed to comply with market maker continuous quoting requirements on EDGX. Specifically, the firm lacked adequate systems and procedures: (i) to address market making activity on EDGX; and (ii) to properly surveil for its quoting of securities on EDGX. The foregoing conduct violated EDGX Rules 3.1 and 5.1.
- B. The firm also consents to the imposition of the following sanctions:
- A censure and a fine in the amount of \$15,000; and
  - An undertaking to submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, no later than 30 days after the AWC becomes final, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, acknowledging that the firm revised its supervisory systems and written supervisory procedures to address the deficiencies described in paragraph I.A.2, and the date on which the revised systems and 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 EDGX.

## II.

### WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under EDGX 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 EDGX'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 the CRO'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 prohibitions of EDGX 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 EDGX 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 EDGX or any other regulator against the firm;
  2. This AWC will be published on a website maintained by EDGX in accordance with EDGX Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; 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 EDGX, or to which EDGX 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 EDGX 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 EDGX, nor does it reflect the views of EDGX 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.

July 7, 2017  
Date

KCG Americas LLC  
Respondent

By: Matthew Louine  
Name: Matthew Louine

Title: Deputy General Counsel

Reviewed by:

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Counsel for Respondent

7/14/2017  
Date

Greg Hoogasian  
Greg Hoogasian  
Senior Vice President and Chief Regulatory Officer  
Bats EDGX Exchange, Inc.

**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,

July 7, 2017  
Date

Respondent  
KCG Americas LLC

By: Matthew Levine

Name: Matthew Levine

Title: Deputy General Counsel