



DISCIPLINARY DECISION

Cboe BZX Exchange, Inc

Star No. 20170562107-05/File No. USRI-3482

ITG Inc. n/k/a Virtu ITG, LLC

Pursuant to Exchange Rule 8.3, attached to and incorporated as part of this Decision is a Letter of Consent.

Applicable Rule(s)

- BZX Rules 3.1 – Business Conduct of Members, 5.1 – Written Procedures, and 11.27 – Compliance with Regulation NMS Plan to Implement a Tick Size Pilot Program.

Sanction

- A censure and a monetary fine in the amount of \$22,500.

Effective Date

January 24, 2020

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

Cboe BZX Exchange, Inc.
LETTER OF CONSENT
Star No. 20170562107-05
File No. USRI-3482

In the Matter of:

ITG Inc. n/k/a Virtu ITG, LLC
One Liberty Plaza
165 Broadway, 4th Floor
New York, NY 10006

Respondent

Pursuant to the provisions of Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) Rule 8.3, ITG Inc.¹ (the “Firm”) submits this Letter of Consent for the purposes of proposing a settlement of the alleged rule violations described below.

The Firm neither admits nor denies the allegations of the Letter of Consent for Star No. 20170562107/File No. USRI-3482 and the stipulation of facts and findings described herein do not constitute such an admission.

BACKGROUND

1. During all relevant periods herein, the Firm was acting as a registered Broker-Dealer and was a Member of the Exchange. The Firm’s registration remains in effect.
2. This matter originated from surveillance conducted by Exchange Regulatory Staff.

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, the following rules were in full force and effect: BZX Rules 3.1 – Business Conduct of Members, 5.1 – Written Procedures, and 11.27 – Compliance with Regulation NMS Plan to Implement a Tick Size Pilot Program.
4. The National Market System (“NMS”) Plan to implement a Tick Size Pilot Program (the “Tick Size Pilot”) was approved by the Securities and Exchange Commission

¹ On March 1, 2019, the Firm became a wholly-owned indirect subsidiary of VIRTU Financial, Inc., and is now known as Virtu ITG, LLC.

(the “SEC”) and implemented by the National Securities Exchanges and FINRA (the “Participants”), to assess and evaluate the impact of wider minimum quoting and trading increments (i.e., tick sizes) on the liquidity and trading of certain small-capitalization common stocks (the “Pilot Securities”). The trading and quoting restrictions of the Tick Size Pilot commenced on October 3, 2016, and ended on September 28, 2018. Market participants were required to adopt rules to enforce the Tick Size Pilot requirements, and collect data to ensure the impact of the Tick Size Pilot could be properly studied.

5. During all relevant periods herein, BZX Rule 11.27(a)(1) stated “Members shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable quoting and trading requirements of the [Tick Size Pilot].”
6. During all relevant periods herein, BZX Rule 11.27(a)(7)(A)(i) defined a “Trade-at Intermarket Sweep Order” (“TAISO”) as a limit order for a Pilot Security that meets the following requirements: (1) when routed to a Trading Center, the limit order is identified as a TAISO; and (2) simultaneously with the routing of the limit order identified as a TAISO, one or more additional limit orders, as necessary, are routed to execute against the full size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a TAISO. These additional routed orders also must be marked as TAISOs.
7. During all relevant periods herein, BZX Rule 5.1 stated “Each Member shall establish, maintain and enforce written supervisory procedures [“WSPs”] which will enable it to supervise properly the activities of associated persons of the Member and to assure their compliance with applicable securities laws, rules, regulations ... and ... Exchange Rules.”
8. During all relevant periods herein, BZX Rule 3.1 provided that “[a] Member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”

Failure to Comply with Tick Size Pilot Supervisory Requirements

9. From October 18, 2016 through June 29, 2017 (the “Review Period”), the Firm did not establish, maintain or enforce WSPs or otherwise conduct supervision for compliance with to the Tick Size Pilot and BZX Rule 11.27(a)(7)(A)(i). The Firm routed approximately 17,853 TAISOs in Pilot Securities to the Exchanges, including BZX, but failed to simultaneously route additional TAISOs to all other market centers with protected quotations priced better than or equal to the limit price of the subject TAISO sent to the Exchanges as required by BZX Rule 11.27(a)(7)(A)(i). Additionally, the Firm failed to retain any of its market data snapshots it relied on to route 43,044 TAISOs with the Firm’s “Smart Order

Router,” and, consequently, was unable to supervise its compliance with the terms of the TAISO exception in such instances or provide required data to regulatory authorities to enable an evaluation of its compliance with the exception. The conduct described in this paragraph constitutes violations of BZX Rules 3.1, 5.1 and 11.27(a)(1).

SANCTIONS

10. The Firm does not have any prior relevant disciplinary history specifically related to Tick Size Pilot compliance.
11. In light of the alleged rule violations described above, the Firm consents to the imposition of the following sanctions:
 - a. A censure; and
 - b. A monetary fine in the amount of \$21,300 shall be paid to BZX.

Additionally, acceptance of this Letter of Consent is conditioned upon acceptance of settlement agreements between the Firm and the following self-regulatory organizations: (i) Cboe BYX Exchange, Inc.; (ii) Cboe EDGA Exchange, Inc.; (iii) Cboe EDGX Exchange, Inc.; (iv) The New York Stock Exchange LLC; (v) NYSE Arca, Inc.; (vi) NYSE American, LLC; (vii) The Nasdaq Stock Market LLC; (viii) Nasdaq BX, Inc.; (ix) Nasdaq Phlx LLC; and (x) The Investors Exchange, LLC.

If this Letter of Consent is accepted, the Firm acknowledges that it shall be bound by all terms, conditions, representations and acknowledgements of this Letter of Consent, and, in accordance with the provisions of Exchange Rule 8.3, waives the right to review or to defend against any of these allegations in a disciplinary hearing before a Hearing Panel. The Firm further waives the right to appeal any such decision to the Board of Directors, the U.S. Securities and Exchange Commission, a U.S. Federal District Court, or a U.S. Court of Appeals.

The Firm waives any right to claim bias or prejudgment of the Chief Regulatory Officer (“CRO”) in connection with the CRO’s participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including acceptance or rejection of this Letter of Consent. The Firm further waives any claim that a person violated the *ex parte* prohibitions of Exchange Rule 8.16, in connection with such person’s participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including its acceptance or rejection.

The Firm agrees to pay the monetary sanction(s) upon notice that this Letter of Consent has been accepted and that such payment(s) are due and payable. 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 understands that submission of this Letter of Consent is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to Exchange Rule 8.3. If the Letter of Consent is not accepted, it will not be used as evidence to prove any of the allegations against the Firm.

The Firm understands and acknowledges that acceptance of this Letter of Consent will become part of its disciplinary record and may be considered in any future actions brought by Cboe or any other regulator against the Firm. The Letter of Consent will be published on a website maintained by the Exchange in accordance with Exchange Rule 8.18.

The Firm understands that it may not deny the charges or make any statement that is inconsistent with the Letter of Consent. The Firm may attach a Corrective Action Statement to this Letter of Consent that is a statement of demonstrable corrective steps taken to prevent future misconduct. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of the Exchange 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 Letter of Consent and has been given a full opportunity to ask questions about it; that it has agreed to the Letter of Consent's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the Firm to submit it.

Date: Dec 24, 2019

ITG, Inc.

By: 

Name: Matthew Levin

Title: Deputy General Counsel