

BATS EDGX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140430992-02

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

RE: KCG Americas LLC ("GFLO"), 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" or "Respondent") 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 has been a member of EDGX since January 3, 2011, and a member of FINRA since July 22, 2009, and its registrations remain in effect. The Firm does not have a relevant disciplinary history.

SUMMARY

In connection with Matter No. 20140430992, the Market Analysis Section of the Department of Market Regulation of FINRA reviewed the Firm's compliance with Securities Exchange Act of 1934 Rule 611(c) of Regulation NMS ("Reg NMS Rule 611(c)") and the rules related to the routing of intermarket sweep orders during the period between April 1, 2014 and June 30, 2014 which was later expanded to encompass the period between February 6, 2013 through March 6, 2015 (the "relevant period").

OVERVIEW

During the relevant period, due to various technology system issues, the Firm on numerous occasions routed intermarket sweep orders through protected quotations in violation of Reg NMS Rule 611(c) and EDGX Rule 11.8(c), and EDGX Rules 3.1 and 5.1.

FACTS AND VIOLATIVE CONDUCT

1. During the relevant period, the Firm failed to take reasonable steps to establish that intermarket sweep orders it routed met the definitional requirements set forth in Reg NMS Rule 600(b)(30). The conduct described in this paragraph constitutes separate and distinct violations of Reg NMS Rule 611(c) and EDGX Rule 11.8(c).
2. During the relevant period, the Firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and EDGX Rules, concerning compliance with Reg NMS Rule 611(c). In addition, the Firm's supervisory system did not include sufficient written supervisory procedures to ensure compliance with Reg NMS Rule 611(c), specifically: (i) the identification of the person(s) responsible for supervision with respect to the applicable rules; (ii) a statement of the supervisory step(s) to be taken by the identified person(s); (iii) a statement as to how often such person(s) should take such step(s); and (iv) 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 EDGX Rules 3.1 and 5.1.

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

A censure and a total fine in the amount of \$50,000, of which \$17,500 is payable to EDGX.¹

Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between the Firm and each of the following self-regulatory organizations: FINRA and NYSE MKT LLC.

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.

¹ The balance of the sanction will be paid to the self-regulatory organizations listed in Section I, paragraph B.

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 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 his or 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 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 8.11, *Interpretations and Policies .01*. 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.

November 7, 2016
Date

Respondent

KCG Americas LLC

By: Matthew Louize

Name: Matthew Louize

Title: Deputy General Counsel

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Date

Tamara Schademann

Tamara Schademann
Chief Regulatory Officer
Bats EDGX Exchange, Inc.

11/16/16

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;

Wire transfer;

Respectfully submitted,
Respondent
KCG Americas LLC

November 7, 2016
Date

By: Matthew Levine

Name: Matthew Levine

Title: Deputy General Counsel