DISCIPLINARY DECISION
Cboe EDGX Exchange, Inc.
Star No. 2015044078209 / File No. USRI-7261-07
CODA Markets, Inc. (f/k/a PDQ ATS, Inc.)

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

Applicable Rule(s)

- EDGX Rules 3.2 – Violations Prohibited and 5.1 – Written Procedures.
- Rule 15c3-5 – Risk Management Controls for Brokers or Dealers with Market Access, promulgated under the Securities Exchange Act of 1934.

Sanction

A censure and a monetary fine in the amount of $115,000 and an undertaking.

Acceptance Date

July 19, 2021

Effective Date

July 28, 2021

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

Cboe EDGX Exchange, Inc.
LETTER OF CONSENT
Star No. 20150440782091/File No. USRI-7261-07

In the Matter of:

CODA Markets, Inc. (f/k/a PDQ ATS, Inc.)
2624 Patriot Blvd
Glenview, IL 60026,

Subject

Pursuant to the provisions of Cboe EDGX Exchange, Inc. ("EDGX" or the "Exchange") Rule 8.3 – Expedited Proceeding, CODA Markets, Inc. ("CODA Markets" or 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 that violations of Exchange Rules or the Securities Exchange Act of 1934, as amended ("Exchange Act") rules have been committed, and the stipulation of facts and findings described herein do not constitute such an admission.

BACKGROUND

1. During all relevant periods herein, CODA Markets was acting as a registered Broker-Dealer and was an Exchange Member. The Firm's registrations remain in effect.

2. The Firm is headquartered in Illinois and has one branch office and approximately 20 registered persons. CODA Markets sponsors and operates an alternative trading system ("ATS") and provides routing and execution services to its subscribers, which included broker-dealers and a few institutional customers.

3. This matter originated from (a) surveillances conducted by FINRA, Cboe Regulatory Staff, and multiple exchanges and (b) examinations of CODA Markets conducted by FINRA on behalf of itself, EDGX, and other exchanges.

VIOLATIVE CONDUCT

Applicable Rules

4. During all relevant periods herein, the following rules were in full force and effect: EDGX Rules 3.2 – Violations Prohibited and 5.1 – Written Procedures, and Rule

[1] Matter 2015044078208 includes merged matters 20150442343 and 20170530892.

15c3-5 – Risk Management Controls for Brokers or Dealers with Market Access, promulgated under the Exchange Act ("Exchange Act Rule 15c3-5").

5. EDGX Rule 5.1 required each Member to "establish, maintain and enforce written procedures 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 statements of policy promulgated thereunder, with the rules of the designated self-regulatory organization, where appropriate, and with Exchange Rules."

6. EDGX Rule 3.2 provided, "No Member shall engage in conduct in violation of the [Exchange] Act, the rules or regulations thereunder, the By-Laws, Exchange Rules or any policy or written interpretation of the By-Laws or Exchange Rules by the Board or an appropriate Exchange committee. Every Member shall so supervise persons associated with the Member as to assure compliance with those requirements."

7. Exchange Act Rule 15c3-5(b) provided, "A broker or dealer with market access, or that provides a customer or any other person with access to an exchange or [ATS] through use of its market participant identifier or otherwise, shall establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity."

8. Exchange Act Rule 15c3-5(c)(2) required a market access broker-dealer to establish, document, and maintain regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements. In the adopting release, the SEC stated that those regulatory requirements included post-trade obligations to monitor for manipulation.[2]

9. Exchange Act Rule 15c3-5(c)(1)(ii) required a market access broker-dealer to establish, document, and maintain financial risk management controls and supervisory procedures reasonably designed to "[p]revent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders."

10. Exchange Act Rule 15c3-5(e) required a market access broker-dealer to "establish, document, and maintain a system for regularly reviewing the effectiveness of the risk management controls and supervisory procedures required by [Rule 15c3-5(b) and (c)] and for promptly addressing any issues." Exchange Act Rule 15c3-5(e)(1) required a market access broker-dealer to "review, no less frequently than annually, the business activity of the broker or dealer in connection with market access to assure the overall effectiveness of such risk management controls and supervisory

[2] Exchange Act Rule 15c3-5 Adopting Release, 75 Fed. Reg. 69,792, at 69,798 (Nov. 15, 2010).

procedures." Exchange Act Rule 15c3-5(e)(2) required a market access broker-dealer's CEO or equivalent officer to certify, on an annual basis, that its risk management controls and supervisory procedures comply with Rule 15c3-5(b) and (c), and that it conducted the review described in Rule 15c3-5(e)(1).

Overview

11. From July 14, 2011 through the present, CODA Markets provided its subscribers with direct market access ("DMA") to multiple exchanges, including EDGX, and unaffiliated ATSs through use of its market participant identifiers ("MPIDs"). During this time, CODA Markets' DMA business grew and became its largest revenue source. Nonetheless, CODA Markets failed to establish and maintain a supervisory system, including written supervisory procedures ("WSPs"), and regulatory risk management controls reasonably designed to monitor for potentially manipulative trading, such as potential layering, spoofing, wash trades, prearranged trades, marking the close, and odd-lot manipulation. During this time, CODA Markets generated more than 350,000 exceptions and alerts at FINRA and multiple exchanges for potentially manipulative trading.

12. During the relevant period, CODA Markets also failed to establish, document, and maintain financial risk management controls and WSPs reasonably designed to prevent the entry of erroneous orders. In addition, CODA Markets failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Exchange Act Rule 15c3-5(e)'s requirement to regularly review the effectiveness of its risk management controls. Finally, from July 14, 2011 through February 13, 2019, the Firm's certifications failed to comply with Exchange Act Rule 15c3-5(e)(2).

13. CODA Markets' failures have resulted in potentially manipulative trading occurring through its MPIDs and hundreds of millions of orders entering the markets without being subjected to reasonably designed risk management controls or reasonably designed post-trade supervisory reviews. Based on the conduct described in this Letter of Consent, CODA Markets violated Exchange Act Rule 15c3-5(b), (c)(1)(ii), (c)(2), (e), (e)(1), and (e)(2) and EDGX Rules 3.2 and 5.1.

CODA Markets provided market access to day traders through its broker-dealer subscribers.

14. CODA Markets provided its subscribers access to trading on multiple exchanges, including EDGX, and unaffiliated ATSs through use of CODA Markets' MPIDs. The customers of CODA Markets' broker-dealer subscribers were predominately either individual day traders whose identities were unknown to the Firm or trading firms that had dozens or hundreds of day traders. Some subscribers appended alphanumeric customer account identifiers ("IDs"), trader IDs, or both to their

orders. Other subscribers provided no customer or trader information when submitting orders to CODA Markets.

15. CODA Markets handled billions of subscriber orders and executed hundreds of millions of trades on exchanges and unaffiliated ATSs from July 14, 2011 through the present.

CODA Markets failed to reasonably supervise for potentially manipulative trading.

16. During the relevant period, the Firm failed to establish, document, and maintain a supervisory system, including WSPs, and regulatory risk management controls reasonably designed to monitor for potentially manipulative trading, such as potential layering, spoofing, wash trades, prearranged trades, marking the close, and odd-lot manipulation, by its subscribers and their customers. During this time, CODA Markets generated hundreds of thousands of exceptions and alerts at FINRA and multiple exchanges for potentially manipulative trading. For example, from August 2012 through October 2018, CODA Markets generated over 350,000 exceptions at FINRA for potentially manipulative trading.

Layering and Spoofing

17. From July 14, 2011 through August 2012, the Firm did not have any supervisory system, WSPs, or risk management controls to monitor for potential layering or spoofing.

18. In September 2012, CODA Markets implemented exception reports to monitor for high volumes of order cancellations and the execution of large-sized orders in stocks with low average daily volumes ("ADVs") over the course of a trading day. These separate daily reports were not reasonably designed to identify potential layering and spoofing because such trading typically (a) involves *both* the placement and cancellation of non-bona fide orders on one side of the market *and* the execution of at least one bona fide order on the opposite side of the market, and (b) occurs over a short period of time. The manipulator uses the non-bona fide orders to create a false appearance of interest in the security to push the price in a direction that allows him to obtain a more favorable execution of the bona fide order than would otherwise have been available. The reports also had unreasonable parameters. For example, the low ADV report monitored only for orders totaling more than 50,000 shares in stocks with ADVs under 10,000 shares. This was unreasonable because layering and spoofing also occurs with orders totaling less than 50,000 shares and is not limited to securities with low trading volumes.

19. From September 2012 through at least February 2014, CODA Markets tasked operations clerks with reviewing the high cancellation and low ADV reports and instructed them to escalate only those instances where the same subscriber appeared on the same report for at least 15 consecutive days with respect to the same stock. This was not a reasonable review parameter because activity does not need to occur on consecutive days, let alone for 15 consecutive days, to constitute layering or

spoofing. Moreover, the Firm did not establish written procedures describing how to review these exception reports until January 2019, over six years after they were implemented.

20. In mid-2011, the Firm began receiving notifications and complaints from exchanges and other broker-dealers about potential layering and spoofing through its MPIDs. Those notifications and complaints increased in 2014 and 2015. Indeed, one broker-dealer performed an onsite review of the Firm's surveillance and decided to terminate the Firm as a market access client in 2016. Throughout this period, the Firm's reports generally did not detect the potential layering and spoofing identified in those notifications and complaints.

21. Ultimately, in April 2016, CODA Markets implemented a vendor surveillance system that generated intraday alerts for potential layering and spoofing. From April 2016 through February 13, 2020, the system generated more than 160,000 alerts for potential layering and spoofing. However, the Firm delegated to an analyst authority to review and dispose of the alerts, without providing him with any written procedures or written guidance on how to review the alerts or when to escalate or close them. The analyst was the sole arbiter of the alerts he closed without escalation—no one at the Firm reviewed closed alerts to ascertain whether his determinations were correct.

22. For example, from May 3, 2016 through September 10, 2018, the Firm's surveillance system generated more than 21,000 layering and spoofing alerts. Based on its review of those alerts, the Firm identified approximately 3,680 instances of potential layering and spoofing. However, the Firm did not respond reasonably because it allowed the overwhelming majority of the responsible trader IDs to continue trading through its MPIDs, even when they effected many—sometimes dozens of—instances of potential layering and spoofing.

23. CODA Markets frequently did not respond reasonably to complaints from trading venues about potential layering and spoofing through its MPIDs. For example, the Firm responded by temporarily or permanently blocking the subscriber from trading only the relevant stock, which did not address potential layering and spoofing by the subscriber in other stocks.

24. In total, CODA Markets disabled 307 trader IDs for engaging in potential layering and spoofing from July 2016 through mid-February 2020. Disabled trader IDs could no longer transact through the Firm. There were indications, however, that many disabled trader IDs were trading on behalf of the same customer. For example, 40 disabled trader IDs shared the same four-letter prefix. Had the Firm reasonably investigated, it would have learned that those IDs were associated with a single customer. Despite such indications, the Firm continued to surveil for potential layering and spoofing at the trader ID level, without reasonably monitoring for coordinated activity between different trader IDs of the same customer, and generally did not take action against its subscribers' customers for engaging in potential layering and spoofing. Indeed, there were only two occasions

where CODA Markets terminated access to customers of its subscribers for engaging in potentially manipulative trading from July 14, 2011 through the present.

Wash Trading and Prearranged Trading

25. The Firm's WSPs have prohibited wash trades and prearranged trades from July 14, 2011 through the present. However, CODA Markets did not implement any surveillance, supervisory reviews, or risk management controls to monitor for such activity until January 31, 2013, when it implemented an exception report to identify potential wash trades. CODA Markets however failed to establish a reasonable supervisory system to review the report and determine whether exceptions were actually wash trades. For example, the Firm focused its reviews on exceptions where the same trader ID was on both sides of a transaction, which excluded wash trades involving different trader IDs transacting on behalf of the same customer or beneficial owner. Even when it identified potential wash trades, the Firm simply asked its subscribers whether the trades involved a change in beneficial ownership and relied on their responses without further investigation. Indeed, while the Firm's report identified thousands of potential wash trades from January 31, 2013 through the present, CODA Markets failed to take a single action against any trader IDs or customers based on those exceptions.

26. The Firm did not establish WSPs for reviewing the wash trades report until June 2017 and those WSPs were not reasonably designed. The WSPs stated that exceptions should be "escalated if there [wa]s a detectable pattern of activity that suggest[ed] manipulation," without providing any guidance on what constituted such a pattern. The Firm did not adopt more detailed procedures until January 2019.

27. In February 2017, CODA Markets implemented a pre-trade control to prevent potential wash trades by certain subscribers. If an MPID sent an order in the same stock at the same price to the same destination, but on the opposite side of the market as a resting order, the control rejected both orders. However, CODA Markets unreasonably applied this control only to subscribers that historically had higher numbers of potential wash trades, not to all subscribers.

28. From July 14, 2011 through at least December 31, 2019, CODA Markets failed to establish a supervisory system, WSPs, or risk management controls reasonably designed to monitor for potential prearranged trading. In this regard, the Firm did not establish any surveillance or supervisory reviews until 2020, when the Firm adopted and began reviewing a prearranged trading surveillance report.

Marking the Close

29. While CODA Markets' WSPs have prohibited marking the close since at least July 14, 2011, the Firm did not conduct any surveillance or supervisory reviews for marking the close prior to April 2016. Furthermore, while the Firm's

surveillance system began generating marking the close alerts in April 2016 and the Firm established WSPs requiring designated personnel to review those alerts in June 2017, CODA Markets did not begin reviewing those alerts until December 2019. For example, from September 2016 through July 2019, CODA Markets failed to review approximately 3,650 marking the close alerts generated by its own surveillance system.

Odd-Lot Manipulation

30. Certain trading venues notified CODA Markets of potentially manipulative odd-lot trading through its MPIDs in 2013 and 2014. For example, on August 28, 2013, an ATS notified CODA Markets of 36 odd-lot orders in the same low ADV symbol that "could be looked at as manipulative...." Despite such notifications, CODA Markets did not implement any WSPs, surveillances, supervisory reviews, or risk management controls relating to potential odd-lot manipulation prior to July 2016. Although the Firm's vendor surveillance system began generating odd-lot trading alerts in July 2016 and the Firm established WSPs requiring designated personnel to review those alerts in June 2017, CODA Markets has never reviewed the more than 15,000 odd-lot trading alerts generated by its own surveillance system since July 2016.

31. The acts, practices, and conduct described in Paragraphs 16 through 30 constitute violations of Exchange Act Rule 15c3-5(b) and (c)(2) and EDGX Rules 3.2 and 5.1 by the Firm, in that the Firm failed to establish and maintain a supervisory system, including WSPs, and regulatory risk management controls reasonably designed to monitor for potentially manipulative trading, such as potential layering, spoofing, wash trades, prearranged trades, marking the close, and odd-lot manipulation.

CODA Markets failed to establish reasonably designed erroneous order controls.

32. From July 14, 2011 through April 5, 2017, CODA Markets' erroneous order controls rejected orders that (a) exceeded the single-order quantity ("SOQ") limit and single-order notional value ("SONV") limit established for each subscriber; (b) were priced more than a specified dollar amount or percentage through the national best bid and offer ("NBBO"); or (c) exceeded a maximum number of new orders per second from the same subscriber. In addition to these controls, CODA Markets also applied duplicative order and ADV controls from April 6, 2017 through the present. However, these controls were not reasonably designed to prevent the entry of erroneous orders for the reasons described below.

33. From July 14, 2011 through the present, the Firm's price control was not reasonably designed to prevent the entry of erroneous orders because its procedures called for trades to be busted at lower thresholds than the control's parameters.

34. Since July 14, 2011, CODA Markets has not applied any price control to orders entered in stocks when there was no NBBO to use as a reference price, such as outside of regular trading hours. As a result, the Firm did not prevent the entry of

orders outside of regular trading hours at prices significantly away from the market. While CODA Markets was aware of this gap in its controls as early as October 2017, CODA Markets did not implement a solution until 2020, when it began to reject orders in stocks with no available NBBO.

35. From July 14, 2011 through April 5, 2017, CODA Markets' erroneous order controls were also unreasonable in other respects. First, the Firm did not have any duplicative order controls. Second, the Firm generally set the SOQ limit and SONV limit for each subscriber at such high levels that the controls were not reasonably designed to prevent erroneous orders, absent additional reasonably designed controls, such as an ADV control. For example, prior to mid-2015, the Firm's default SOQ limit was 25,000 shares and SONV limit was $5 million. During onboarding, CODA Markets required a subscriber to indicate whether it wanted a SOQ limit and/or SONV limit other than the defaults. The Firm usually granted such requests, which effectively allowed certain subscribers to set their own SOQ and SONV limits. In mid-2015, the Firm created a tier system. For broker-dealers, SOQ limits ranged from 25,000 to 1.5 million shares and SONV limits ranged from $5 million to $50 million. Third, the Firm did not have a reasonably designed control to prevent the entry of erroneous orders, by rejecting orders that exceeded appropriate price or size parameters over a short period of time.

36. From April 6, 2017 through the present, CODA Markets set the thresholds for its ADV controls too high to be reasonably designed to prevent the entry of erroneous orders, absent additional reasonably designed controls. For example, the Firm set its historical ADV control to reject orders at sizes that exceeded from 30% to 250% of the stock's historical ADV, depending on the subscriber.

37. The acts, practices, and conduct described in Paragraphs 32 through 36 constitute violations of Exchange Act Rule 15c3-5(b) and (c)(1)(ii) and EDGX Rules 3.2 and 5.1 by the Firm, in that the Firm failed to establish, document, and maintain financial risk management controls and WSPs reasonably designed to prevent the entry of erroneous orders.

CODA Markets failed to reasonably review the effectiveness of its risk management controls.

38. From July 14, 2011 through December 29, 2016, the Firm's WSPs stated that it would review the effectiveness of its risk management controls as part of its annual certification process and document the review. However, the WSPs did not describe how the review was to be conducted. Moreover, besides the ad hoc review described below, CODA Markets did not actually review the effectiveness of its risk management controls during this period. The Firm's annual certification records did not describe or document any such reviews.

39. In connection with a FINRA examination, the Firm conducted testing of certain risk management controls and reviewed certain control thresholds. First, in May 2015, the Firm tested certain controls to verify that the entry of an order that exceeded applicable thresholds triggered an order rejection. Second, in or around

April 2016, the Firm reviewed each subscriber's SOQ, SONV, and credit thresholds, along with certain order data from the prior quarter (*e.g.*, each subscriber's maximum order quantity, maximum order notional value), to determine if any thresholds should be adjusted.

40. On December 30, 2016, the Firm revised its WSPs following the FINRA examination to require the testing and review of subscriber thresholds described above to be conducted at least annually. Despite these requirements, the Firm's supervisory system was not reasonably designed to review the effectiveness of its risk management controls and supervisory procedures from December 30, 2016 through the present. Among other things, the testing only verified that the controls functioned as expected, *i.e.*, triggered an order rejection, not whether the controls were effective or reasonably designed to achieve compliance with Exchange Act Rule 15c3-5. Furthermore, the review of subscriber thresholds was limited to the Firm's SOQ, SONV, and/or credit controls. Accordingly, the Firm did not regularly review the effectiveness of its other controls—including its price control, duplicative order controls, ADV controls, and regulatory risk management controls—during this period.

41. The acts, practices, and conduct described in Paragraphs 38 through 40 constitute violations of Exchange Act Rule 15c3-5(e) and (e)(1) and EDGX Rules 3.2 and 5.1 by the Firm, in that the Firm failed to establish, document, and maintain a supervisory system reasonably designed to review the effectiveness of its risk management controls and supervisory procedures.

CODA Markets failed to provide annual certifications in compliance with Exchange Act Rule 15c3-5.

42. From July 14, 2011 through February 13, 2019, the Firm's certifications failed to state that (1) the Firm's risk management controls and supervisory procedures complied with Exchange Act Rule 15c3-5(b) and (c); and (2) the Firm conducted the review required by Exchange Act Rule 15c3-5(e)(1). Additionally, from July 1, 2014 through February 13, 2019, the Firm failed to complete the certifications no later than on the anniversary date of the previous year's certification.

43. The acts, practices, and conduct described in Paragraph 42 constitute violations of Rule 15c3-5(e)(2) and EDGX Rule 3.2 by the Firm, in that the Firm's certifications were incomplete and untimely.

SANCTIONS

44. The Firm does not have any prior relevant disciplinary history specifically related to supervision for potentially manipulative trading or compliance with Exchange Act Rule 15c3-5.

45. In light of the alleged rule violations described above, the Firm consents to the imposition of the following sanctions:

a. A censure;

b. A monetary fine in the amount of $1.25 million, of which $115,000 shall be paid to EDGX;[3]

c. An undertaking to do the following:

(i) Retain at its own expense and within 60 days of the date of the notice of acceptance of this Letter of Consent an independent consultant not unacceptable to FINRA[4] to conduct a comprehensive review of the adequacy of the Firm's compliance with Exchange Act Rule 15c3-5 and EDGX Rules 3.2 and 5.1, including but not limited to:

(a) The Firm's supervisory system, WSPs, surveillances, and risk management controls to monitor for potentially manipulative trading, including but not limited to each form of manipulative trading identified in this Letter of Consent;

(b) The Firm's system of risk management controls and WSPs for managing the financial, regulatory, and other risks of its market access business;

(c) The Firm's financial risk management controls and WSPs for preventing the entry of erroneous orders; and

(d) The Firm's supervisory system and WSPs for achieving compliance with Exchange Act Rule 15c3-5(e).

(ii) Ensure that the independent consultant, any firm with which the independent consultant is affiliated or of which he or she is a member, and any person engaged to assist the independent consultant in performance of his or her duties, shall not have provided consulting, legal, auditing, or other professional services to, or had any affiliation with, the Firm during the two years prior to the date of the notice of acceptance of this Letter of Consent.

(iii) Cooperate with the independent consultant in all respects, including providing the independent consultant with access to the Firm's files, books, records, and personnel, as reasonably requested for the above-mentioned review. The Firm shall require the independent consultant to report to FINRA on its activities as FINRA may request and shall

[3] This settlement relates to other settlements the Firm reached with Cboe BZX Exchange, Inc. ("BZX"); Cboe BYX Exchange, Inc. ("BYX"); Cboe EDGA Exchange, Inc. ("EDGA"); FINRA; The Investors Exchange LLC ("IEX"); Nasdaq BX, Inc. ("BX"); The Nasdaq Stock Market LLC ("Nasdaq"); and NYSE Arca, Inc ("NYSE Arca").

[4] FINRA is handling this matter on behalf of EDGX and will oversee the independent consultant pursuant to a Regulatory Services Agreement with EDGX.

place no restrictions on the independent consultant's communications with FINRA. Further, upon request, the Firm shall make available to FINRA any and all communications between the independent consultant and the Firm and documents examined by the independent consultant in connection with this review.

(iv) Refrain from terminating the relationship with the independent consultant without FINRA's written approval. The Firm shall not be in and shall not have an attorney-client relationship with the independent consultant and shall not seek to invoke the attorney-client privilege or other doctrine or privilege to prevent the independent consultant from transmitting any information, reports, or documents to FINRA.

(v) Require the independent consultant to submit an initial written report to the Firm and FINRA at the conclusion of the independent consultant's review, which shall be no more than 120 days after the date of the notice of acceptance of this Letter of Consent. The initial report shall, at a minimum, (i) evaluate and address the adequacy of the Firm's compliance with Exchange Act Rule 15c3-5 and EDGX Rules 3.2 and 5.1, including the specific areas identified in Paragraph 45(c)(i) above; (ii) provide a description of the review performed and the conclusions reached; and (iii) make recommendations as may be needed regarding how the Firm should modify or supplement its processes, controls, policies, systems, procedures, and training to manage its regulatory and other risks in relation to its market access business; and

(a) Within 60 days after delivery of the initial report, the Firm shall adopt and implement the recommendations of the independent consultant or, if the Firm considers a recommendation to be, in whole or in part, unduly burdensome or impractical, propose an alternative procedure to the independent consultant designed to achieve the same objective. The Firm shall submit such proposed alternative procedures in writing simultaneously to the independent consultant and FINRA.

(b) The Firm shall require the independent consultant to (A) reasonably evaluate each alternative procedure and determine whether it will achieve the same objective as the independent consultant's original recommendation and (B) provide the Firm and FINRA with a written report reflecting its evaluation and determination within 30 days of submission of any proposed alternative procedures. In the event the independent consultant and the Firm are unable to agree, the Firm must abide by the independent consultant's ultimate determination with respect to any proposed alternative

procedure and must adopt and implement all recommendations deemed appropriate by the independent consultant.

(c) Within 30 days after the issuance of the later of the independent consultant's initial report or any written report regarding proposed alternative procedures, the Firm shall provide the independent consultant and FINRA with a written implementation report, certified by an officer of the Firm, attesting to, containing documentation of, and setting forth the details of the Firm's implementation of the independent consultant's recommendations. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. FINRA may make reasonable requests for further evidence of compliance, and the Firm agrees to provide such evidence.

(vi) Require the independent consultant to enter into a written agreement that, for the duration of the engagement and for a period of two years from the completion of the engagement, the independent consultant shall not enter into any other employment, consultant, attorney-client, auditing, or other professional relationship with the Firm, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. Any firm with which the independent consultant is affiliated or of which it is a member, and any person engaged to assist the independent consultant in the performance of its duties pursuant to this Letter of Consent, shall not, without FINRA's prior written consent, enter into any employment, consultant, attorney-client, auditing, or other professional relationship with the Firm or any of the Firm's present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

(vii) The Firm shall further retain the independent consultant to conduct a follow-up review and submit a final written report to the Firm and to FINRA no later than one year from the date of the notice of acceptance of this Letter of Consent. In the final report, the independent consultant shall address the Firm's implementation of the systems, policies, procedures, and training, and shall make any further recommendations it deems necessary. Within 30 days of receipt of the independent consultant's final report, the Firm shall adopt and implement the recommendations contained in the final report and inform FINRA in writing that it has done so.

d. Upon written request showing good cause, FINRA may extend any of the procedural dates set forth above.

46. Acceptance of this Letter of Consent is conditioned upon acceptance of parallel settlement agreements in related matters between the Firm and BX, BZX, BYX, EDGA, FINRA, IEX, Nasdaq, and NYSE Arca.

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 upon notice that this Letter of Consent has been accepted and that such payment is 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 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: July 9, 2021

CODA Markets, Inc.

By [redacted]

Name: Christopher H. Meade

Title: Chief Compliance Officer

This Corrective Action Statement is submitted by CODA Markets, Inc. ("CODA" or "the Firm"). It does not constitute factual or legal findings by the Cboe EDGX Exchange, Inc., nor does it reflect the views of Cboe EDGX Exchange, Inc. or its staff.

STATEMENT OF CORRECTIVE ACTION
BY CODA MARKETS, INC.

CODA submits this Corrective Action Statement in connection with the foregoing Letter of Acceptance, Waiver, and Consent ("AWC") to describe the steps it has already taken in connection with the issues addressed in the AWC. As set forth below, CODA has invested significant resources into its compliance program, and continues to make improvements to deter potentially disruptive trading activity.

Compliance Personnel. Since the beginning of the period covered by the AWC, CODA has hired several experienced compliance professionals to enhance its compliance program. These hires included CODA's first full-time Chief Compliance Officer, an industry veteran who joined the Firm in 2014 after working in a similar role at several prominent broker-dealers. Since that time, CODA has increased the headcount of its compliance group, and has engaged experienced outside counsel as appropriate to provide additional compliance advice and support.

Enhanced Pre-Trade Controls and Post-Trade Surveillance. Since the beginning of the period covered by the AWC, CODA has taken significant steps to enhance its pre-trade controls and post-trade surveillance tools to reduce the risk of disruptive or otherwise improper trading activity. Most notably, the Firm deployed a third-party post-trade surveillance system that leverages state of the art technology, including the use of artificial intelligence, to detect potentially problematic trading activity. CODA has also enhanced its front-end system to provide additional pre-trade controls aimed at limiting financial risk and ensuring compliance with applicable regulatory requirements.

Enhanced Written Supervisory Procedures. CODA has also taken steps to enhance its supervisory system by clarifying its procedures relating to reviewing potentially disruptive or otherwise problematic trading activity. The Firm has also implemented new client onboarding procedures that require additional information concerning CODA's broker-dealer subscribers and their customers. These procedures will enhance the Firm's ability to detect and address potential money laundering concerns.