

**CBOE BYX EXCHANGE, INC.**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 2015046769207**

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

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

Pursuant to Rule 8.3 of the Rules of Cboe 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 review 20150467692, the staff of FINRA's Department of Market Regulation (the "staff"), on behalf of BYX, reviewed the firm's compliance with SEC Rule 611(c) of Regulation NMS ("Rule 611(c)") during the period December 17, 2013 through July 10, 2016 (the "Review Period").

Based on the foregoing review, the staff determined that the firm engaged in the violative conduct set forth below, consisting of violations of Rule 611(c) and BYX Rules 11.9(d)(1) and 11.9(d).

**FACTS AND VIOLATIVE CONDUCT**

1. SEC Rule 611(c) requires firms to take reasonable steps to establish that intermarket sweep orders ("ISOs") meet the requirements of SEC Rule 600(b)(30), which defines an

ISO as a limit order for an NMS stock that meets two requirements: (i) it is identified as an ISO; and (ii) the firm routes additional limit orders, as necessary, to execute against the full displayed 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 NMS stock with a price that is superior to the limit price of the limit order identified as an intermarket sweep order.

2. BYX Rule 11.9(d) stated, in relevant part: "The System will accept incoming Intermarket Sweep Orders ("ISO") (as such term is defined in Regulation NMS). In order to be eligible for treatment as an Intermarket Sweep Order, the limit order must be marked "ISO" and the User entering the order must simultaneously route one or more additional limit orders marked "ISO," as necessary, to away markets to execute against the full displayed size of any Protected Quotation for the security with a price that is superior to the limit price of the Intermarket Sweep Order entered in the System."
3. During the Review Period, the firm mistakenly relied on the crossed market exception set forth in SEC Rule 611(b)(4).<sup>1</sup> This resulted in the firm failing to send ISOs to execute against the full displayed size of certain protected quotations. As a result of the above conduct, the firm failed to take reasonable steps to establish that ISOs met the requirements of Rule 600(b)(30) of Regulation NMS. The conduct described in this paragraph constitutes a violation of Rule 611(c) and BYX Rules 11.9(d)(1) (for conduct prior to October 17, 2014) and 11.9(d) (for conduct on or after October 17, 2014).

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

A censure and a fine in the total amount of \$136,000 to be paid jointly to BYX, Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., and Cboe EDGX Exchange, Inc., of which \$34,000 of that total amount shall be paid to BYX.

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.

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<sup>1</sup> Rule 611(b)(4) of Regulation NMS provides to trading centers an exception for transactions that trade through protected quotations when such transactions are executed at a time when a protected bid is higher than a protected offer in the NMS stock.

## 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 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 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 8.18. 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 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.

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.

12/12/2018

Date

GTS Securities LLC  
Respondent

By: Patrick J. Romanello  
Name: Patrick J. Romanello  
Title: CCO

Reviewed by:

Howard Kramer

Counsel for Respondent  
Howard Kramer, Esq.  
Murphy & McGonigle, P.C.  
1001 G Street, N.W.  
Seventh Floor  
Washington, DC 20001

12/13/18

Date

Greg Hoogasian 12/19/2018  
Greg Hoogasian  
Senior Vice President & Chief Regulatory Officer  
Cboe BYX 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,

12/12/2018

Date

Respondent

GTS Securities LLC

By: Patrick J. Romanello

Name: Patrick J. Romanello

Title: CCO