

**BATS BZX EXCHANGE, INC.**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20150452812-05**

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

RE: ITG Inc., Respondent  
Broker-Dealer  
CRD No. 29299

Pursuant to Rule 8.3 of the Rules of Bats BZX Exchange, Inc. ("BZX"), ITG Inc. (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, BZX will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent 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 BZX, or to which BZX 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 BZX:

**BACKGROUND**

1. The Firm has been registered with BZX since August 18, 2008, and with FINRA since January 8, 1992, and its registrations remain in effect. The Firm does not have a relevant disciplinary history.

**SUMMARY**

2. In Matter No. 20150452812, the FINRA Department of Market Regulation's Market Analysis Section ("Staff") reviewed the Firm's compliance with Securities Exchange Act of 1934 Rule 611(c) of Regulation NMS ("Reg NMS Rule 611(c)") during the period February 19, 2014 through June 24, 2015 (the "Review Period").
3. The above matter was part of investigations conducted by Staff, on behalf of BZX and other self-regulatory organizations, including Bats BYX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., the New York Stock Exchange LLC, NYSE Arca, Inc., and FINRA, that reviewed the Firm's compliance with Reg NMS Rule 611(c) and related rules of the SROs, including BZX Rules 3.1, 5.1, and 11.9(d) during the Review Period.

## OVERVIEW

4. On certain occasions during the Review Period, the Firm routed intermarket sweep orders through protected quotations.

## FACTS AND VIOLATIVE CONDUCT

5. During the Review 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 BZX Rule 11.9(d).
6. During the Review Period, the Firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with Reg NMS Rule 611(c), BZX Rule 11.9(d), and applicable securities laws and regulations, regarding the use of intermarket sweep orders. The conduct described in this paragraph constitutes a violation of BZX Rules 3.1 and 5.1.

B. Respondent also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine in the amount of \$22,500, of which \$3,000 is payable to BZX.<sup>1</sup>
3. Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between ITGI and each of the following self-regulatory organizations: Bats BYX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., the New York Stock Exchange LLC, NYSE Arca, Inc., and FINRA.

Respondent 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.

Respondent 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 BZX.

## II.

### WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under BZX Rules:

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<sup>1</sup> The balance of the sanction will be paid to the self-regulatory organizations listed in Paragraph B.3.

- A. To have a Statement of Charges issued specifying the allegations against it;
- 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 BZX's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent 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.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of BZX 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**

Respondent 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 BZX 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 Respondent; and
- C. If accepted:
  - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by BZX or any other regulator against Respondent;
  - 2. this AWC will be published on a website maintained by BZX in accordance with BZX Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record; and
  - 3. Respondent 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. Respondent may not take any position in any proceeding brought by or on behalf of BZX, or to which BZX is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which BZX is not a party.

- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 BZX, nor does it reflect the views of BZX 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.

8/29/17  
Date

ITG Inc.

By: 

Name: Benjamin Polidore

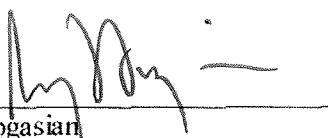
Title: Managing Director

Reviewed by:

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Counsel for Respondent

9/5/2017  
Date



Greg Hoogasian  
Senior Vice President & Chief Regulatory Officer  
Bats BZX Exchange, Inc.

### ELECTION OF PAYMENT FORM

Respondent 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.

8/29/17  
Date

Respectfully submitted,  
Respondent ITG Inc.

By: 

Name: Benjamin Polidore

Title: Managing Director