

CBOE BZX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150483276-03

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

RE: SG Americas Securities, LLC, Respondent
Broker-Dealer
CRD No. 128351

Pursuant to Rule 8.3 of the Rules of Cboe BZX Exchange, Inc. ("BZX"), SG Americas 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, BZX 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 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

The firm has been registered with the Securities and Exchange Commission and FINRA since April 23, 2004, and has been a member of BZX since September 17, 2008.

RELEVANT PRIOR DISCIPLINARY HISTORY

On April 10, 2015, FINRA accepted an AWC in which the firm was censured and fined, among other fines, \$10,000 for equity trade reporting violations.

On December 15, 2015, FINRA accepted an AWC in which the firm was censured and fined \$22,500 for, among others, equity trade reporting violations.

On December 30, 2015, FINRA accepted an AWC in which the firm was censured and fined, among other fines, \$10,000 for equity trade reporting violations.

SUMMARY

In Matter No. 20150483276, the Trade Reporting Team of FINRA's Department of Market Regulation (the "staff") reviewed the firm's compliance with BZX rules requiring members to input the correct capacity codes on equity orders entered into exchange systems. The entry of inaccurate capacity codes causes the audit trail to be inaccurate which can impact surveillance patterns and adversely affect self-regulatory organizations' ("SROs") ability to surveil for conduct that may violate the SROs' rules and the federal securities laws.

As a result of its review, the staff determined that the firm input millions of orders with incorrect capacity codes as the result of three system issues. The issues, which varied in nature, persisted between May 22, 2012 and August 17, 2016. Specifically, as the result of one system issue, a firm account improperly marked certain principal orders with an agency capacity code between May 22, 2012 and July 16, 2014. As the result of a second system issue, the firm improperly marked certain agency orders entered on behalf of the firm's corporate parent with a principal capacity code between November 1, 2013 and May 28, 2015. As the result of a third system issue, the firm also improperly marked certain agency orders entered on behalf of the firm's corporate parent with a principal capacity code between March 1, 2015 and August 17, 2016. In total, the firm input 15,627,626 orders with incorrect capacity codes between May 22, 2012 and August 17, 2016, as the result of these issues, of which 345,403 orders were entered on BZX.

In addition, the firm's supervisory system, including its written supervisory procedures ("WSPs"), did not provide for supervision reasonably designed to achieve compliance with respect to the submission of accurate capacity codes due in large part to systems issues. Based on this review, the firm violated BZX Rules 11.21, 3.1, and 5.1.

FACTS AND VIOLATIVE CONDUCT

1. Beginning on May 22, 2012, when one firm proprietary account commenced trading, the account was improperly coded and failed to input the correct capacity with respect to new orders entered on multiple exchanges. The system issue was not corrected until July 16, 2014. Between May 22, 2012 and July 16, 2014, the firm input 104,918 principal orders with agency capacity codes, of which 3,125 orders were entered on BZX. The foregoing conduct constitutes separate and distinct violations of BZX Rules 11.21 and 3.1.
2. Between November 1, 2013 and May 28, 2015, and March 1, 2015 and August 17, 2016, as the result of two separate system issues, the firm failed to input the correct capacity with respect to new orders entered on multiple exchanges. Specifically, as the result of one issue, the firm improperly marked certain agency orders entered on behalf of the firm's corporate parent with a principal capacity code between November 1, 2013 and May 28, 2015. As the result of a second issue, the firm improperly marked certain agency orders entered on behalf of the

firm's corporate parent with a principal capacity code between March 1, 2015 and August 17, 2016. As the result of these two issues, the firm input 15,522,708 agency orders with principal capacity codes, of which 342,278 orders were entered on BZX. The foregoing conduct constitutes separate and distinct violations of BZX Rules 11.21 and 3.1.

3. During the period reviewed, the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and BZX Rule 11.21, requiring firms to enter accurate capacity information, including whether the firm acted in a principal, agent, or riskless principal capacity. Specifically, the firm's WSPs required quarterly and monthly reviews of samples of orders. However, given the breadth of the firm's trading, the frequency of the reviews was not reasonably designed to ensure compliance. Further, the WSPs failed to ensure that orders the firm submitted to BZX were included in its reviews. The conduct described in this paragraph constitutes separate and distinct violations of BZX Rules 5.1 and 3.1.

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

1. A censure, a fine in the amount of \$175,000, of which \$10,000 shall be paid to BZX (comprised of \$5,000 for the capacity marking violations and \$5,000 for the related supervisory violation); and
2. An undertaking to submit to the COMPLIANCE ASSISTANT, DEPARTMENT OF ENFORCEMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, no later than 30 business days after the AWC becomes final, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its WSPs to address the deficiencies described in paragraph I.A.3; and (3) the date the revised procedures were implemented.

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 BZX.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under BZX 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 BZX'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 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

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 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 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 BZX or any other regulator against the firm;
 - 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 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 BZX, or to which BZX 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 BZX 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 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.

1/25/13
Date

SG Americas Securities, LLC
Respondent

By: 

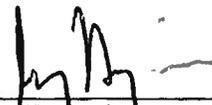
Name: JEFFREY ROSEN
Managing Director

Title: _____

Reviewed by:


Attorney Name Brendan Gibson
Counsel for Respondent
Firm Name Societe - Generale
Address
City/State/Zip
Phone Number

10/9/2013
Date


Greg Hoogasian
Senior Vice President & Chief Regulatory Officer
Cboe BZX 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
- Wire transfer

Respectfully submitted,

Respondent

SG Americas Securities, LLC

9/25/12
Date

By: 

Name: JEFFREY ROSEN
Title: Managing Director