



**DISCIPLINARY DECISION**

**Cboe Exchange, Inc.**

**Star No. 20160504893/File No. USRI-8701**

**SG Americas Securities, LLC**

Pursuant to Exchange Rule 13.3, attached to and incorporated as part of this Decision is a Letter of Consent.

**Applicable Rule(s)**

- Cboe Rules 4.2 – Adherence to Law, 4.24- Supervision and 6.2B – Hybrid Opening System (“HOSS”)

**Sanction**

A censure and a monetary fine in the amount of \$135,000

**Effective Date**

November 27, 2019

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

**CBOE EXCHANGE, INC.**

In the Matter of:	)	
	)	
SG Americas Securities, LLC	)	STAR No. 20160504893
245 Park Avenue	)	
New York, NY 10167	)	
	)	
Subject	)	
	)	

**Letter of Consent**

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. (the "Exchange" or "Cboe") Rule 13.3 – Expedited Proceedings, the Subject, SG Americas Securities, LLC, ("SGAS" or the "Firm"), hereby submits this Letter of Consent in the above captioned matter. Only for purposes of this proceeding, and without adjudication of any issues of law or fact, and without admitting or denying any allegations, or that a violation of Exchange Rules has been committed, SGAS consents to the Stipulation of Facts and Findings and Sanction set forth below.

**Stipulation of Facts and Findings**

1. During all relevant periods herein, SGAS was an Exchange Trading Permit Holder registered to act as a clearing firm, to transact business with the public, and to engage in proprietary trading.
2. During all relevant periods herein, SGAS was acting as a registered Broker-Dealer.
3. During all relevant periods noted herein, Exchange Rules 4.2 – Adherence to Law, 4.24 – Supervision and 6.2B – Hybrid Opening System ("HOSS")<sup>1</sup> were in full force and effect.
4. During all relevant periods herein, Interpretation and Policy .01 to Exchange Rule 6.2B provided, in relevant part: "All index option orders for participation in the modified HOSS opening procedure that are related to positions in, or a strategy involving, volatility index options or futures, and any change to or cancellation of any such order: (A) must be received prior to the applicable strategy order cut-off time for the affected index option series (established by the Exchange on a class-by-class basis)...and (B) may not be cancelled or changed after the applicable strategy order cut-off time..." Pursuant to Regulatory Circular RG08-043, the cut-off time for the entry of strategy orders in Standard and Poor's 500 index options ("SPX") series used to calculate the Special Opening Quotation ("SOQ") of the CBOE Volatility Index ("VIX") on the expiration dates for Cboe Volatility Index Options contracts ("VIX Options") and Cboe Volatility Index Futures contracts ("VIX Futures") was 8:15 a.m. (CT).

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<sup>1</sup> In or about February 2018, Cboe re-codified the relevant provisions of Rule 6.2B referenced above as Rule 6.2 – Hybrid Opening (and Sometimes Closing) System ("HOSS"). (See Securities Exchange Act Release No. 82646 (February 7, 2018), 83 FR 6294 (February 13, 2018) (SR-CBOE-2018-010)).

5. From on or about January 21, 2015 through on or about September 16, 2015, SGAS submitted strategy orders after the 8:15 a.m. cut-off time for participation in the VIX SOQ on nine expiration dates for VIX Options and VX Futures.
6. From on or about January 21, 2015 through on or about September 16, 2015, SGAS failed to establish, maintain and enforce written supervisory procedures, and a system for applying such procedures, reasonably designed to prevent and detect violations of Exchange Rule 6.2B.
7. From on or about August 19, 2015 through on or about September 16, 2015, SGAS failed to supervise its Associated Persons to assure compliance with Exchange Rule 6.2B.
8. The acts, practices, and conduct described in Paragraph 5, above, constitute violations of Exchange Rule 6.2B by SGAS, in that SGAS, on nine expiration dates for VIX Options and VX Futures, entered strategy orders for participation in the SOQ after the 8:15 a.m. cut-off time.
9. The acts, practices, and conduct described in Paragraph 6, above, constitute a violation of Exchange Rule 4.24 by SGAS, in that SGAS failed to establish and maintain written supervisory procedures and a system for applying such procedures, reasonably designed to prevent and detect violations of Exchange Rule 6.2B.
10. The acts, practices, and conduct described in Paragraph 7, above, constitute a violation of Exchange Rule 4.2 by SGAS, in that SGAS failed to supervise its Associated Persons to assure compliance with Exchange Rule 6.2B.

Sanction: A censure and a fine of \$135,000.

Subject acknowledges that it has read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to it by the Exchange or its staff, and that this Letter of Consent is voluntary on its part.

Subject understands and acknowledges that the Exchange's decision in this matter will become part of its disciplinary record and may be considered in any future Exchange proceeding.

Subject also acknowledges that the Chief Regulatory Officer's decision to accept or reject this Letter of Consent is final, and that it may not seek review thereof in accordance with Exchange Rule 13.3.

Date

No V. 22, 2019

SG Americas Securities, LLC

Print Name

JEFFREY ROSEN  
Managing Director

Title