

BATS BZX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20160484488-01

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

RE: Critical Trading, LLC, Respondent
Broker-Dealer
CRD No. 165071

Pursuant to Rule 8.3 of the Rules of Bats BZX Exchange, Inc. ("BZX"), Critical Trading, LLC (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 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 Respondent became a member of BZX on July 1, 2014 and its registration remains in effect. The firm has no relevant prior disciplinary history.

SUMMARY

In connection with Matter No. 20160484488, the Trading and Financial Compliance ("TFCE") staff (the "Staff") of FINRA's Department of Market Regulation ("Market Regulation"), on behalf of BZX, conducted the 2016 examination of the firm.

As a result of its review, the Staff found that the firm violated BZX Rules 2.5 Interpretation .01(c) and 5.1, as described below.

FACTS AND VIOLATIVE CONDUCT

1. BZX Rule 2.5, Interpretations and Policies .01(c) states in relevant part as follows, "[f]or those persons seeking limited registration as Securities Traders as described in paragraph (f) below, the ['BATS Exchange, Inc.' or the 'Exchange'] requires the Securities Traders Qualification Examination ('Series 57'). The Exchange uses the Uniform Application for

Securities Industry Registration or Transfer ('Form U4') as part of its procedure for registration and oversight of Member personnel." Paragraph (f) states that, "The Exchange recognizes the Series 57 qualification for Authorized Traders that engage solely in trading on the Exchange, on either an agency or principal basis."

2. BZX Regulatory Circular 13-003 (September 3, 2013) states, in relevant part, as follows, "[t]he Exchange defines an Authorized Trader as 'a person who may submit orders (or who supervises a routing engine that may automatically submit orders) to the Exchange's trading facilities. . . . [A] Member must also register its Authorized Traders in WebCRD.'"
3. During the period of March 1, 2016 through July 21, 2016, the firm failed to have two employees have the proper registrations and qualifications. The conduct described in this paragraph constitutes separate and distinct violations of BZX Rule 2.5 Interpretation .01(c).
4. Additionally, during the period of March 1, 2016 through July 21, 2016, the firm failed to follow its written supervisory procedures to ensure that its employees had the proper qualifications and registrations before executing and/or potentially executing trades on BZX. The conduct described in this paragraph constitutes separate and distinct violations of BZX Rule 5.1.
5. During the period of November 1, 2015 through November 30, 2015, the firm did not maintain adequate records of its supervisory reviews of electronic communications. The conduct described in this paragraph constitutes separate and distinct violations of BZX Rule 5.1.

OTHER FACTORS

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

A censure and a \$5,000 fine.

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 prejudgment 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; 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.

9/8/17
Date

Critical Trading, LLC
Respondent

By: Kevin T. Robik
Name: KEVIN T. ROBIK

Title: MANAGER

Reviewed by:
[Signature]
Counsel for Respondent

Andrew E. Hurni, Esq.
285 Grand Avenue, Bldg. One
Englewood, NJ 07631

9/18/2017
Date

[Signature]
Greg Hoogasian
Senior Vice President & Chief Regulatory Officer
Bats 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; or
- Wire transfer.

Respectfully submitted,

9/8/17

Date

Respondent

Critical Trading, LLC

By:

Kevin T. Polik

Name:

KEVIN T. POLIK

Title:

MANAGER