



**DISCIPLINARY DECISION**  
**Cboe BZX Exchange, Inc.**  
**Star No. 20180571661-01**  
**File No. USE-1907-05**  
**Wolverine Execution Services, LLC**

Pursuant to Exchange Rule 8.3, attached to and incorporated as part of this Decision is a Letter of Consent.

**Applicable Rule(s)**

- BZX Rules 11.19 – Short Sales, and 5.1 – Written Procedures

**Sanction**

A censure and a monetary fine in the amount of \$14,150.

**Effective Date**

May 10, 2021

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

**Cboe BZX Exchange, Inc.**  
**LETTER OF CONSENT**  
**Star No. 2018057166101/File No. USE-1907-05**

---

In the Matter of:

Wolverine Execution Services, LLC  
175 W. Jackson Boulevard, Suite 200  
Chicago, Illinois 60604,

Subject

---

Pursuant to the provisions of Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) Rule 8.3 – Expedited Proceeding, Wolverine Execution Services, LLC (“Wolverine” or the “Firm”) submits this Letter of Consent for the purposes of proposing a settlement of the alleged rule violations described below.

The Firm neither admits nor denies that violations of Exchange Rules have been committed, and the stipulation of facts and findings described herein do not constitute such an admission.

**BACKGROUND**

1. During all relevant periods herein, the Firm was acting as a registered Broker-Dealer and was an Exchange Member. The Firm’s registrations remain in effect.
2. This matter originated from a cycle examination conducted by FINRA’s Trading and Financial Compliance Examinations group.

**VIOLATIVE CONDUCT**

**Applicable Rules**

3. During all relevant periods herein, the following rules were in full force and effect: BZX Rule 11.19 – Short Sales and BZX Rule 5.1 – Written Procedures.
4. During all relevant periods herein, BZX Rule 11.19(a) provided that “[a]ll short sale orders shall be identified as ‘short’ or ‘short exempt’ when entered into the System.” Pursuant to Regulation SHO Rule 200(g), promulgated under the Securities Exchange Act of 1934, as amended, a broker-dealer selling an equity security may mark an order as "long" only where the "seller is deemed to own the security being sold" and either (i) the security to be delivered is in the physical possession or control of the broker or dealer; or (ii) it is reasonably expected that

the security will be in the physical possession or control of the broker or dealer no later than the settlement of the transaction.

5. During all relevant periods herein, BZX Rule 5.1 provided that “[e]ach Member shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of associated persons of the Member and to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, with the rules of the designated self-regulatory organization, where appropriate, and with Exchange Rules.”

### **Sell Order Mismarking Violations**

6. From May 2016 through March 2019, the Firm engaged in riskless principal trading for two of its customers. Wolverine incorrectly entered those orders in the same manner in which it had received them, such that if it received an order to sell long, it would enter a sell long order into the Exchange, even if Wolverine was not actually long. As a result, the Firm mismarked 9,622 short sale orders as long when the Firm was actually short.
7. The acts, practices, and conduct described in Paragraph 6 constitute separate and distinct violations of BZX Rule 11.19 by the Firm, in that the Firm mismarked 9,622 short sale orders as long when the Firm was actually short.

### **Supervision and Written Supervisory Procedures**

8. From May 2016 through March 2019, the Firm’s written supervisory procedures (“WSPs”) failed to address how it would supervise for compliance with sell order marking requirements for orders that it executed in a riskless principal capacity. As a result, the Firm failed to establish, maintain, and enforce WSPs reasonably designed to assure compliance with applicable order marking rules.
9. The acts, practices, and conduct described in Paragraph 8 constitute a violation of BZX Rule 5.1 by the Firm, in that the Firm failed to establish, maintain, and enforce WSPs reasonably designed to assure compliance with applicable order marking rules.

### **SANCTIONS**

10. Wolverine does not have any prior relevant disciplinary history specifically related to sell order mismarking.
11. In light of the alleged rule violations described above, the Firm consents to the imposition of the following sanctions:

- a. A censure; and
- b. A monetary fine in the amount of \$14,150 to be paid to BZX.<sup>1</sup>

If this Letter of Consent is accepted, the Firm acknowledges that it shall be bound by all terms, conditions, representations, and acknowledgements of this Letter of Consent, and, in accordance with the provisions of Exchange Rule 8.3, waives the right to review or to defend against any of these allegations in a disciplinary hearing before a Hearing Panel. The Firm further waives the right to appeal any such decision to the Board of Directors, the U.S. Securities and Exchange Commission, a U.S. Federal District Court, or a U.S. Court of Appeals.

The Firm 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 Letter of Consent, or other consideration of this Letter of Consent, including acceptance or rejection of this Letter of Consent. The Firm further waives any claim that a person violated the ex parte prohibitions of Exchange Rule 8.16, in connection with such person’s participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including its acceptance or rejection.

The Firm agrees to pay the monetary sanction upon notice that this Letter of Consent has been accepted and that such payments are due and payable. 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 imposed in this matter.

The Firm understands that submission of this Letter of Consent is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to Exchange Rule 8.3. If the Letter of Consent is not accepted, it will not be used as evidence to prove any of the allegations against the Firm.

The Firm understands and acknowledges that acceptance of this Letter of Consent will become part of its disciplinary record and may be considered in any future actions brought by BZX or any other regulator against the Firm. The Letter of Consent will be published on a website maintained by the Exchange in accordance with Exchange Rule 8.18.

The Firm understands that it may not deny the charges or make any statement that is inconsistent with the Letter of Consent. The Firm may attach a Corrective Action Statement to this Letter of Consent that is a statement of demonstrable corrective steps taken to prevent future misconduct. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of the Exchange 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 Letter of Consent and has been given a full opportunity to ask questions about it; that it has agreed to the Letter of Consent’s**

---

<sup>1</sup> This settlement relates to other settlements the Firm reached with Nasdaq Stock Market, LLC, NYSE Arca, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe BYX Exchange, Inc., and FINRA.

**provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the Firm to submit it.**

**Date:** May 7, 2021

**Wolverine Execution Services, LLC**

**By:** 

**Name:** David Cavicke

**Title:** Chief Legal Officer