



DISCIPLINARY DECISION
Cboe Exchange, Inc.
Star No. 20180571734/File No. USE-2023
Susquehanna Investment Group

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

Applicable Rule(s)

- Exchange Rules 4.2 – Adherence to Law and 4.24 - Supervision
- Regulation SHO Rules 200(g) – Definition of “Short Sale” and Marking Requirements and 201(c) – Circuit Breaker, promulgated under the Securities Exchange Act of 1934, as amended

Sanction

A censure and a monetary fine in the amount of \$35,000, of which \$17,500 is allocated to Cboe.

Effective Date

May 28, 2020

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

Cboe Exchange, Inc.
LETTER OF CONSENT
Star No. 20180571734
File No. USE-2023

In the Matter of:

Susquehanna Investment Group
401 City Avenue, Suite 220
Bala Cynwyd, PA 19004

Respondent

Pursuant to the provisions of Cboe Exchange, Inc. (“Cboe” or the “Exchange”) Rule 13.3 – Expedited Proceeding, Susquehanna Investment Group (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 or the Securities Exchange Act of 1934, as amended (“Exchange Act”) 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, Susquehanna Investment Group was acting as a registered Broker-Dealer and was an Exchange Trading Permit Holder (“TPH”) registered to conduct business on the Exchange. The Firm’s registration remains in effect.
2. This matter originated from a 2018 Trading and Financial Compliance cycle examination conducted by FINRA’s Department of Market Regulation, which reviewed the Firm’s compliance with order marking requirements of Regulation SHO, promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and related supervisory obligations.

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, the following rules were in full force and effect:

Regulation SHO Rules 200(g) – Definition of “Short Sale” and Marking Requirements and 201(c) – Circuit Breaker, and Exchange Rules 4.2 – Adherence to Law and 4.24 – Supervision.¹

4. During all relevant periods, Regulation SHO Rule 200(g) required broker-dealers to mark all sell orders of any equity security as “long,” “short,” or “short exempt.” Sell orders may be marked “long” only if the seller is deemed to own the security being sold.
5. During all relevant periods, Regulation SHO Rule 201(c) provided that broker-dealers may not route to a trading center a short sale order in a covered security during a short sale circuit breaker unless the order is marked “short exempt” and meets certain defined criteria.
6. During all relevant periods, Exchange Rule 4.2 required that broker-dealers not engage in conduct in violation of the Exchange Act, or rules or regulations thereunder.
7. During all relevant periods, Exchange Rule 4.24 required TPHs to establish, maintain, and enforce written supervisory procedures and a system for applying such procedures.

Improper Marking of Short Sale Orders

8. From on or about April 16, 2018 through on or about April 20, 2018, the Firm improperly marked 18 out of 27 sampled equity sell orders as sell long instead of sell short.
9. From on or about April 16, 2018 through on or about April 20, 2018, the Firm improperly marked 1 out of 27 sampled equity sell orders as sell long and routed this order to a trading center during a short sale circuit breaker.
10. The acts, practices, and conduct described in Paragraph 8 constitute violations of Regulation SHO Rule 200(g) and Exchange Rule 4.2, in that the Firm improperly marked numerous equity sell orders as sell long instead of sell short.
11. The acts, practices, and conduct described in Paragraph 9 constitutes a violation of Regulation SHO Rule 201(c) and Exchange Rule 4.2, in that the Firm improperly marked one equity sell order as sell long and routed this order to a trading center during a short sale circuit breaker.

¹ As of October 7, 2019, Exchange Rule 4.2 was re-numbered as Exchange Rule 8.2 – Adherence to Law, and Exchange Rule 4.24 was re-numbered as Exchange Rule 8.16 – Supervision. These rules’ text remain unchanged.

Supervision

12. From in or around June 2017 through in or around June 2018, the Firm failed to establish, maintain, and enforce written supervisory procedures (“WSPs”) reasonably designed to prevent and detect violations of Regulation SHO order marking requirements and Exchange Rule 4.2. Although the Firm provided a copy of its WSPs and evidence of supervisory review, the WSPs did not address how the supervisory review would be conducted.
13. The acts, practices, and conduct described in Paragraph 12 constitute violations of Exchange Rule 4.24 by the Firm, in that the Firm failed to establish, maintain, and enforce WSPs that were reasonably designed to prevent and detect violations of Cboe rules and the Exchange Act as they relate to the conduct described above.

SANCTIONS

14. The Firm does not have any prior relevant disciplinary history related to the improper marking of short sale orders.
15. 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 \$35,000, of which \$17,500 shall be paid to Cboe.²

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 13.3, 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 agrees to pay the monetary sanction(s) upon notice that this Letter of Consent has been accepted and that such payment(s) 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(s) imposed in this matter.

² The remainder of the fine total shall be paid to Miami International Securities Exchange, LLC (“MIAX”).

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 13.3. 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 Cboe or any other regulator against the Firm.

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 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: 5/20/20

Susquehanna Investment Group

By: 

Name: Brian Sepinski

Title: General Counsel