



DISCIPLINARY DECISION

Cboe Exchange, Inc.

Star No. 20190611843-05/File No. USRI-8790-01/URE-30-01

Dash Financial Technologies LLC

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

Applicable Rules

- Cboe Rules 6.51 – Reporting Duties, 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information, 4.2 – Adherence to Law, 4.22 – Communications to the Exchange or the Clearing Corporation, and 4.24 – Supervision.
- Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-3 – Records to Be Made by Certain Exchange Members, Brokers and Dealers, thereunder.

Sanction

A censure, a monetary fine in the amount of \$19,000, disgorgement in the amount of \$42,298.05, and restitution in the amount of \$20,539.40.¹

Effective Date

October 4, 2022

/s/ Greg Hoogasian

Greg Hoogasian, CRO, EVP

¹ The disgorgement addresses the underpayment of Exchange fees, and the restitution addresses the improper allocation of certain fees to contra-parties. The harmed contra-parties have been identified and will be notified separately by the Exchange. This settlement relates to other settlements the Firm reached with Cboe BZX Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc., NYSE Arca, Inc., NYSE American, LLC, the NASDAQ Options Market LLC, Nasdaq BX, Inc., Miami International Securities Exchange, LLC, and MIAX PEARL, LLC.

Cboe Exchange, Inc.
LETTER OF CONSENT
STAR No. 20190611843-05
File No. USRI-8790-01/URE-30-01

In the Matter of:

Dash Financial Technologies LLC
311 S. Wacker Drive, Suite 1000
Chicago, IL 60606

Subject

Pursuant to the provisions of Cboe Exchange, Inc. (“Cboe” or the “Exchange”) Rule 13.3 – Expedited Proceeding, Dash Financial Technologies LLC (“Dash” or the “Firm”) submits this Letter of Consent for the purpose 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”) and 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, Dash was acting as a registered Broker-Dealer and an Exchange Trading Permit Holder registered to conduct business on the Exchange. The Firm’s registrations remain in effect.
2. This matter originated from investigations in FINRA’s Department of Market Regulation to determine the Firm’s compliance with Exchange rules and federal securities laws and regulations governing the use of origin codes and related supervisory obligations.

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods, Exchange Rules 4.2 - Adherence to Law, 4.22 - Communications to the Exchange or the Clearing Corporation, 4.24 - Supervision, 6.51 - Reporting Duties, and 15.1 - Maintenance, Retention and Furnishing of Books, Records and Other Information; and Section 17(a) of the Exchange Act and

Rule 17a-3 - Records to Be Made by Certain Exchange Members, Brokers and Dealers thereunder, were in full force and effect.¹

4. During all relevant periods, Exchange Act Section 17(a)(1) provided that every member of a national securities exchange shall make and keep for prescribed periods such records, furnish such copies thereof, and make and disseminate such reports as the Securities and Exchange Commission, by rule, prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this title.
5. During all relevant periods, Exchange Act Rule 17a-3(a)(6) required member firms to create a memorandum of each order, and any other instruction, showing the terms and conditions of the order.
6. During all relevant periods, Cboe Rule 4.2 provided, in relevant part, that no Trading Permit Holder shall engage in conduct in violation of the Securities Exchange Act of 1934, as amended, or the rules or regulations thereunder.
7. During all relevant periods, Cboe Rule 4.22 provided, in relevant part, that “[n]o Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any misrepresentation or omissions in any application, report or other communication to the Exchange, or to the Clearing Corporation with respect to the reporting or clearance of any Exchange transaction...”
8. During all relevant periods, Cboe Rule 4.24 provided, in relevant part, that “[e]ach Trading Permit Holder shall establish, maintain and enforce written supervisory procedures, and a system for applying such procedures, to supervise the types of business in which the Trading Permit Holder engages and to supervise the activity of all associated persons. The written supervisory procedures and the system for applying such procedures shall be reasonably designed to prevent and detect violations of applicable securities laws and regulations, and applicable Exchange rules.”
9. During all relevant periods, Interpretation and Policy .02 to Exchange Rule 6.51 required each Trading Permit Holder, when entering orders on the Exchange, “to submit trade information in such form as may be prescribed by the Exchange in order to allow the Exchange to properly prioritize and route orders pursuant to the rules of the Exchange and report resulting transactions to the Clearing Corporation.”
10. During all relevant periods, Cboe Rule 15.1 provided, in relevant part, that “[e]ach Trading Permit Holder shall make, keep current and preserve such books and records as the Exchange may prescribe and as may be prescribed by the Exchange

¹ Effective October 7, 2019, Cboe renumbered its Rulebook.

Act as though such Trading Permit Holder were a broker or dealer registered pursuant to Section 15 of such Exchange Act."

Origin Code Violations

11. On March 1, 2017, Dash acquired a third-party platform from another broker-dealer. From March 1, 2017 through November 8, 2017, Dash routed to nine options exchanges, including Cboe, approximately 60,277 options orders, totaling approximately 271,658 contracts from a broker-dealer client that had been incorrectly onboarded in the third-party platform as "Customer" instead of "Broker-Dealer." Dash learned of the issue in or about early October 2017, and by November 8, 2017, Firm technology personnel completed implementing corrective changes.
12. From on or about March 1, 2017 through on or about November 8, 2017, by submitting orders with inaccurate origin codes, Dash failed to make and maintain accurate books and records.
13. The orders Dash routed with incorrect origin codes caused it to underpay Exchange fees and also caused the improper allocation of certain fees to contra-parties. Additionally, each instance in which Dash routed an order with an incorrect origin code potentially had adverse consequences, such as inadvertently impacting the priority of order execution, creating an inaccurate audit trail and inaccurate order records, reporting trades to OCC with inaccurate trade details, and impeding Cboe's ability to surveil for and detect potential violations of its rules and federal securities laws.
14. The acts, practices, and conduct in paragraph 11 constitutes violations of Cboe Rules 4.22 and 6.51 by Dash, in that Dash submitted and executed orders with incorrect origin codes.
15. The acts, practices, and conduct in paragraphs 11-12 constitute violations of Cboe Rules 4.2 and 15.1; and Section 17(a)(1) of the Exchange Act and Rule 17a-3(a)(6) thereunder by Dash, in that Dash, by submitting and executing orders with incorrect origin codes, failed to make and retain accurate books and records.

Supervisory Violations

16. From on or about March 1, 2017 through on or about November 8, 2017, Dash failed to establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, reasonably designed to detect and prevent inaccurate origin codes in connection with its acquisition of a third-party platform. Dash waited a full calendar quarter after acquiring the third-party platform before it conducted an initial origin code review. Moreover, for at least seven months after acquiring the third-party platform, Dash did not conduct any reviews to ensure that

the client accounts it took over when it acquired the third-party platform had been on-boarded with a correct origin code.

17. The acts, practices and conduct described in Paragraph 16 above constitute violations of Cboe Rule 4.24.

SANCTIONS

18. Dash does not have any prior relevant disciplinary history specifically related to incorrect order origin code usage.
19. In light of the alleged rule violations described above, the Firm consents to the imposition of the following sanctions:
 - a. A censure;
 - b. A fine in the amount of \$19,000;
 - c. Disgorgement in the amount of \$42,298.05; and
 - d. Restitution in the amount of \$20,539.40.²

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 prejudgment 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 sanctions 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(s) 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

² The disgorgement addresses the underpayment of Exchange fees, and the restitution addresses the improper allocation of certain fees to contra-parties. The harmed contra-parties have been identified and will be notified separately by the Exchange. This settlement relates to other settlements the Firm reached with Cboe BZX Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc., NYSE Arca, Inc., NYSE American, LLC, the NASDAQ Options Market LLC, Nasdaq BX, Inc., Miami International Securities Exchange, LLC, and MIAX PEARL, LLC.

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: September 30, 2022

Dash Financial Technologies LLC

By: 

Name: Jaclyn L Butler

Title: Chief Compliance Officer