



DISCIPLINARY DECISION
Cboe BZX Exchange, Inc.
Star No. 20190629791/ File No. USRI-8986-03
Susquehanna Securities, LLC

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

Applicable Rules

- BZX Rules 18.7 – Position Limits and 18.8 – Exemptions from Position Limits.

Sanction

A censure and a monetary fine in the amount of \$60,000, of which \$6,000 shall be paid to Cboe BZX Exchange, Inc.¹

Acceptance Date

January 7, 2021

Effective Date

January 27, 2021

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

¹ This matter also included settlements of similar rule violations involving Cboe Exchange, Inc.; Cboe C2 Exchange, Inc.; Cboe EDGX Exchange, Inc.; BOX Exchange, LLC; MIAX Emerald, LLC; Miami International Securities Exchange LLC; MIAX PEARL, LLC; NYSE American LLC; and NYSE Arca, Inc.

Cboe BZX Exchange, Inc.
LETTER OF CONSENT
Star No. 20190629791¹
File No. USRI-8986-03

In the Matter of:

Susquehanna Securities, LLC
401 City Avenue, Suite 220
Bala Cynwyd, PA 19004-1122

Subject

Pursuant to the provisions of Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) Rule 8.3 – Expedited Proceeding, Susquehanna Securities, LLC (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, the Firm was acting as a registered Broker-Dealer and was an Exchange Member registered to conduct business on the Exchange as a Market-Maker. The Firm’s registration remains in effect.
2. This matter originated from a review conducted by FINRA’s Department of Market Regulation.

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, the following rules were in full force and effect: BZX Rule 18.7 – Position Limits and BZX Rule 18.8 – Exemptions from Position Limits.
4. During all relevant periods, BZX Rule 18.7 provided, in relevant part:

¹ This matter also incorporates findings from FINRA Matter Nos. 20200659419 and 20200676052 which were merged into this matter.

(a) No Options Member shall make, for any account in which it has an interest or for the account of any Customer, an opening transaction on any exchange if the Options Member has reason to believe that as a result of such transaction the Options Member or its Customer would, acting alone or in concert with others, directly or indirectly:

(1) exceed the applicable position limit fixed from time to time by the Cboe Exchange, Inc. for any options contract traded on BZX Options and the Cboe Exchange, Inc.

5. Further, during all relevant periods, BZX Rule 18.8 provided:

An Options Member may rely upon any available exemptions from applicable position limits granted from time to time by another options exchange for any options contract traded on BZX Options provided that such Options Member (a) provides the Exchange with a copy of any written exemption issued by another options exchange or a written, description of any exemption issued by another options exchange other than in writing containing sufficient detail for the Exchange to verify the validity of that exemption with the issuing options exchange, and (b) fulfills all conditions precedent for such exemption and complies at all times with the requirements of such exemptions with respect to its trading on BZX Options.

Position Limit Violations

6. The Firm has been approved to utilize the Delta Hedge Exemption since March 19, 2008. For a firm using the Delta Hedge Exemption, any options position that is not delta hedged remains subject to position and exercise limits.²
7. On June 20, 2019, the applicable position limit in “ABC”³ options was 250,000 options contracts on the same side of the market.
8. During the trading day on June 20, 2019, the Firm maintained a position that was not delta neutral in “ABC” and exceeded the applicable position limit in “ABC” options by 23,476 contracts. The Firm did not correct the position limit overage until the next business day.

² The net delta is the number of shares required (either long or short) to offset the risk that the value of an equity options position will change with incremental changes in the price of the security underlying the options position. A firm that is not delta neutral must be hedged to the extent that the Options Contract Equivalent of the Net Delta (“OCEND”) stays within the applicable position limit. The Firm calculated the OCEND by using the OCC Permitted Pricing Model. Once calculated, the OCEND must still be below the applicable position limit.

³ Generic identifiers have been used in place of the names of the securities throughout this document.

9. On March 16, 2020, the applicable position limit in “DEF” options was 250,000 options contracts on the same side of the market.
10. During the trading day on March 16, 2020, the Firm maintained a position that was not delta neutral in “DEF” and exceeded the applicable position limit in “DEF” options by 4,190 contracts, which was not corrected until the next business day.
11. On March 18, 2020 and April 7, 2020, the applicable position limit in “GHI” options was 250,000 options contracts on the same side of the market.
12. During the trading day on March 18, 2020, the Firm maintained a position that was not delta neutral in “GHI” and exceeded the applicable position limit in “GHI” options by 13,206 contracts, which was not corrected until the next business day.
13. During the trading day on April 7, 2020, the Firm maintained a position that was not delta neutral in “GHI” and exceeded the applicable position limit in “GHI” options by 3,565 contracts, which was not corrected until the next business day.
14. On April 9, 2020, the applicable position limit in “JKL” options was 250,000 options contracts on the same side of the market.
15. During the trading day on April 9, 2020, the Firm maintained a position that was not delta neutral in “JKL” and exceeded the applicable position limit in “JKL” options by 3,686 contracts, which was not corrected until the next business day.
16. On September 11, 2020, the applicable position limit in “MNO” options was 250,000 options contracts on the same side of the market.
17. During the trading day on September 11, 2020, the Firm maintained a position that was not delta neutral in “MNO” and exceeded the applicable position limit in “MNO” options by 13,121 contracts, which was not detected or corrected until the next business day.
18. The acts, practices, and conduct described in Paragraphs 8, 10, 12, 13, 15, and 17 constitute separate and distinct violations of BZX Rules 18.7 and 18.8 by the Firm, in that it exceeded the applicable position limits in the referenced securities.

SANCTIONS

19. The Firm has prior relevant formal disciplinary history involving position limit violations. Specifically, the Firm was previously censured and fined a total of \$25,000 by BOX Exchange, LLC, Cboe BZX Exchange, Inc., Cboe Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., Miami International Securities Exchange, LLC, NYSE American LLC, and NYSE Arca, Inc. (\$3,125 was allocated to each exchange) for failing to comply with listed position limits on

six occasions between October 2015 through April 2017, as well as related supervisory deficiencies (the latest decision among the aforementioned exchanges was issued on January 31, 2019).⁴

20. In light of the alleged rule violations described above, and prior relevant disciplinary history, the Firm consents to the imposition of the following sanctions:
- a. A censure; and
 - b. A monetary fine in the amount of \$60,000, of which \$6,000 shall be paid to BZX.⁵

Acceptance of this Letter of Consent is conditioned upon acceptance of similar settlement agreements in this matter between the Firm and each of the following self-regulatory organizations: Cboe C2 Exchange, Inc., Cboe Exchange, Inc., Cboe EDGX Exchange, Inc., BOX Exchange, LLC, MIAX Emerald, LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, NYSE American LLC, and NYSE Arca, LLC.

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 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 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(s) upon notice that this Letter of Consent has been accepted and that such payment(s) is (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

⁴ See FINRA Matter No. 20150475058.

⁵ The remainder of the fine total shall be allocated equally among BOX Exchange, LLC, Cboe Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., MIAX Emerald, LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, NYSE American LLC, and NYSE Arca, Inc.

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 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: December 21, 2020

Susquehanna Securities, LLC

By: Michael P. Doherty

Name: Michael P. Doherty

Title: Chief Compliance Officer