



DISCIPLINARY DECISION

Cboe Exchange, Inc.

Star No. 20210692497-01 / File No. URE-73-01

Susquehanna Securities, LLC

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

Applicable Rule

- Cboe Rule 8.30 – Position Limits.

Sanction

A censure and a monetary fine in the amount of \$8,000.

Effective Date

March 6, 2023

/s/ Greg Hoogasian

Greg Hoogasian, CRO, EVP

Cboe Exchange, Inc.
LETTER OF CONSENT
Star No. 20210692497-01¹/File No. URE-73-01

In the Matter of:

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

Subject

Pursuant to the provisions of Cboe Exchange, Inc. (“Cboe” or the “Exchange”) Rule 13.3 – Expedited Proceeding, Susquehanna Securities, LLC (“Susquehanna” 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 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 was acting as a registered Broker-Dealer and was an Exchange Trading Permit Holder registered to conduct business on the Exchange as a Market-Maker. The Firm’s registrations remain in effect.
2. This matter originated from a review conducted by FINRA’s Department of Market Regulation of the Firm’s compliance with listed position limits.

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, Cboe Rule 8.30 – Position Limits was in full force and effect.
4. During all relevant periods, Cboe Rule 8.30 provided, in relevant part:

...no Trading Permit Holder 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 Trading Permit Holder has reason to believe that as a result of such transaction the Trading Permit Holder or its customer would, acting

¹ This matter also incorporates findings from FINRA Matter No. 20220757260 which was merged into this matter.

alone or in concert with others, directly or indirectly, (a) control an aggregate position in an option contract dealt in on the Exchange in excess of 25,000 or 50,000 or 75,000 or 200,000 or 250,000 option contracts (whether long or short) of the put type and the call type on the same side of the market respecting the same underlying security, combining for purposes of this position limit long positions in put options with short positions in call options, and short positions in put options with long positions in call options, or such other number of option contracts as may be fixed from time to time by the Exchange as the position limit for one or more classes or series of options, or (b) exceed the applicable position limit fixed from time to time by another exchange for an option contract not dealt in on the Exchange, when the Trading Permit Holder is not a member of the other exchange on which the transaction was effected.

5. Further, during all relevant periods, Interpretation and Policy .04(c) to Cboe Rule 8.30 provided, in relevant part:

An equity option position that is not delta neutral shall be subject to position limits in accordance with this Rule 8.30 (subject to the availability of other position limit exemptions). Only the option contract equivalent of the net delta of such position shall be subject to the appropriate position limit. The “options contract equivalent of the net delta” is the net delta divided by the number of shares that equate to one option contract on a delta basis. The term “net delta” means, at any time, the number of shares and/or other units of trade (either long or short) required to offset the risk that the value of an equity option position will change with incremental changes in the price of the security underlying the option position, as determined in accordance with a permitted pricing model.

Position Limit Violations

6. Susquehanna has availed itself of 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. Between January 25, 2021 and January 27, 2021, the applicable position limit in “ABC”³ options was 250,000 options contracts on the same side of the market.
8. During the trading days on January 25, 2021 through January 27, 2021, the Firm maintained a position that was not delta neutral in “ABC” and exceeded the

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 referenced throughout this document.

applicable position limit in “ABC” options by 83,230 contracts on January 25, 2021, 76,261 contracts on January 26, 2021, and 178,608 contracts on January 27, 2021. The Firm identified the position limit overage and redressed it on January 28, 2021.

9. On August 3, 2022, 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 August 3, 2022, the Firm maintained a position that was not delta neutral in “DEF” and exceeded the applicable position limit in “DEF” options by 3,493 contracts. The Firm corrected the position limit overage the following business day.
11. The acts, practices, and conduct described in Paragraphs 8 and 10 constitute violations of Cboe Rule 8.30 by the Firm, in that the Firm exceeded the applicable position limits in the referenced securities.

SANCTIONS

12. The Firm has prior relevant disciplinary history involving position limit violations. In January 2021, Susquehanna was censured and fined a total of \$60,000 by BOX Exchange LLC, Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., MIAX Emerald, LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, NYSE American LLC, and NYSE Arca, Inc. (\$6,000 was allocated to each exchange) for failing to comply with listed position limits on six occasions between June 2019 and September 2020.⁴ Additionally, between November 2018 and January 2019, Susquehanna was 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.⁵
13. 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 \$8,000.⁶

⁴ See FINRA Matter No. 20190629791.

⁵ See FINRA Matter No. 20150475058.

⁶ This settlement relates to other settlements the Firm reached with BOX Exchange LLC, Cboe BZX 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.

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 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.

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.

March 3, 2023
Date: _____

Susquehanna Securities, LLC

By: _____

Brian Sopinsky
Name: _____

Secretary
Title: _____