



DISCIPLINARY DECISION
Cboe BZX Exchange, Inc.
File No. URE-227-05/Star No. 20210717327-02
BofA Securities, Inc.

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

Applicable Rules

- BZX Rules 3.2 – Violations Prohibited, 5.1 – Written Procedures, and 11.9(d) Orders and Modifiers – Intermarket Sweep Orders
- Rule 611 of Regulation NMS – Order Protection Rule, promulgated under the Securities Exchange Act of 1934, as amended.

Sanction

A censure and a monetary fine in the amount of \$60,000.

Effective Date

October 15, 2025

/s/ Greg Hoogasian

Greg Hoogasian, CRO, EVP

Cboe BZX Exchange, Inc.
LETTER OF CONSENT
File No. URE-227-05/Star No. 2021071732702

In the Matter of:

BofA Securities, Inc.
One Bryant Park
New York, NY 10036

Subject

Pursuant to the provisions of Cboe BZX Exchange, Inc. ("Cboe BZX" or the "Exchange") Rule 8.3 – Expedited Proceeding, BofA Securities, Inc. ("BofAS" 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 stipulations described herein do not constitute such an admission.

BACKGROUND

1. During all relevant periods herein, BofAS (CRD No. 283942) was acting as a registered Broker-Dealer and was an Exchange Member.¹ The Firm's registrations remain in effect.
2. This matter originated from surveillance conducted by FINRA on behalf of itself and multiple exchanges, and from a referral from an exchange.

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, the following rules were in full force and effect: Rule 611 of Regulation NMS – Order Protection Rule, promulgated under the Exchange Act; and Cboe BZX Rules 3.2 – Violations Prohibited, 11.9(d) – Orders and Modifiers – Intermarket Sweep Orders, and 5.1 – Written Procedures.

¹ Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") has been an Exchange Member since August 2008. In May 2019, MLPF&S reorganized into two separate entities - MLPF&S and BofAS. In this reorganization, BofAS acquired MLPF&S's institutional business and assumed its related assets and liabilities. Trade surveillance functions that were previously aligned to MLPF&S's institutional business units are now aligned to BofAS, and MLPF&S now has its own trade surveillance function for retail customer trading. The conduct at issue involves only institutional customers and occurred before and after the reorganization of MLPF&S. For purposes of this Letter of Consent, MLPF&S and BofAS will be referred to collectively as BofAS.

4. Exchange Act Rule 611 promotes intermarket price protection by restricting trade-throughs, which are defined by Rule 600(b)(105) as “the purchase or sale of an NMS stock during regular trading hours, either as principal or agent, at a price that is lower than a protected bid or higher than a protected offer.”² Trade-through protection prevents unfairness to investors and facilitates best execution of customer orders.
5. Rule 611(a)(1) requires trading centers³ to establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs that do not fall within one of the exceptions set forth in Rule 611(b), and, if relying on such an exception, that are reasonably designed to assure compliance with the exception’s terms.
6. Rule 611(a)(2) requires trading centers to conduct regular surveillance to ascertain the effectiveness of its Rule 611 compliance program and to take prompt action to remedy any deficiencies.
7. Rule 611(c) requires trading centers that route intermarket sweep orders (“ISOs”) to take reasonable steps to establish that those ISOs meet the requirements of Rule 600(b)(47), which defines an ISO as a limit order for an NMS stock that meets the following requirements: (i) when routed to a trading center, the limit order is identified as an ISO; and (ii) simultaneously with the routing of the limit order identified as an ISO, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid (offer), in the case of a limit order to sell (buy) for the NMS stock with a price that is superior to the limit price of the limit order identified as an ISO. These additional routed orders also must be marked as ISOs.⁴
8. Cboe BZX Rule 3.2 provides, in relevant part, “[n]o Member shall engage in conduct in violation of the [Exchange] Act, the rules or regulations thereunder, the By-Laws, Exchange Rules or any policy or written interpretation of the By-Laws or Exchange Rules by the Board or an appropriate Exchange committee.”
9. Cboe BZX Rule 11.9(d) adopts the Regulation NMS definition of an ISO, and provides, in relevant part, that “the limit order must be marked ‘ISO’ and the User entering the order must simultaneously route one or more additional limit orders

² From at least January 2015 through at least July 2023, this definition was included in Rule 600(b)(77) until November 19, 2018, then in Rule 600(b)(81) until April 9, 2021, and then in Rule 600(b)(94) until April 15, 2024. Rule 600(b)(105) currently contains this definition.

³ Rule 600(b)(106) currently defines “trading center” to include “an exchange market maker, an OTC market maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent.” During the period of violative conduct, this definition was included in Rule 600(b)(78) until November 19, 2018, then in Rule 600(b)(82) until April 9, 2021, and then in Rule 600(b)(95) until April 15, 2024.

⁴ This definition was included in Rule 600(b)(30) until November 19, 2018, then in Rule 600(b)(31) until April 9, 2021, and then in Rule 600(b)(38) until April 15, 2024. Rule 600(b)(47) currently contains this definition.

marked 'ISO,' as necessary, to away markets to execute against the full displayed size of any Protected Quotation for the security with a price that is superior to the limit price of the [ISO] entered in the System."

10. Cboe BZX Rule 5.1 requires 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."

Violative ISOs

11. From at least January 2021 through at least April 2021, BofAS failed to take reasonable steps to establish that the ISOs it routed or attempted to route met the requirements set forth in Rule 600(b)(47).
12. From at least January 2021 through at least April 2021, BofAS routed ISOs with incorrect FIX tag information from the customer regarding an associated clearing firm, which resulted in exchanges rejecting 3,475 ISOs. This resulted in BofAS executing 23 trade-throughs, including one to Cboe BZX, without routing necessary ISOs.
13. The acts, practices, and conduct described in Paragraphs 11 and 12 constitute violations of Exchange Act Rule 611(a)(1) and (c) and Cboe BZX Rules 3.2 and 11.9(d).

Supervision Violations

14. From at least January 2015 through July 2023, BofAS failed to establish, maintain and enforce written policies and procedures ("WSPs"), and a system for applying such policies and procedures, reasonably designed to achieve compliance with Exchange Act Rules 611(a)(1) and (c) and Cboe BZX Rules 3.2 and 11.9(d).
15. Specifically, BofAS's supervisory system and WSPs were not reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception and, if relying on an exception, were not reasonably designed to assure compliance with the terms of the exception, as required.
16. In addition, BofAS's supervisory system and WSPs were not reasonably designed to detect and review trade-throughs that resulted from the firm's electronic order management system ingesting and processing market data from exchanges for the top eight price levels for NMS stocks.
17. From at least January 2021 through at least August 2022, BofAS's supervisory system and WSPs were not reasonably designed to review ISO rejection messages that national exchanges, including Cboe BZX, sent after BofAS routed

ISOs, and for reviewing potential trade-throughs that may have occurred as a result of those rejections.

18. The acts, practices and conduct described in Paragraphs 14 through 17 constitute violations of Exchange Act Rule 611(a)(1) and (a)(2) and Cboe BZX Rule 5.1, in that BofAS did not conduct regular surveillance to ascertain the effectiveness of its Rule 611 compliance program and its written policies and procedures were not reasonably designed to achieve compliance with Rule 611 and Cboe BZX Rules 3.2 and 11.9(d).

SANCTIONS

19. BofAS has prior relevant disciplinary history related to Exchange Act Rule 611:

In Matter No. 2013037652201 (April 2018) brought by FINRA, without admitting or denying the findings, BofAS consented to a censure, a \$115,000 fine, and an undertaking to revise the Firm's WSPs in connection with findings that it violated Exchange Act Rules 611(a) and (c), and related supervisory and reporting rules for activity that took place between September 2012 and March 2014.

In Matter Nos. 2014041324301 and 2014041324302 (February 2018) brought by Cboe BZX and Cboe BYX Exchange, Inc., respectively, without admitting or denying the findings, BofAS consented to a censure, an aggregate \$135,000 fine, and an undertaking to revise the Firm's WSPs in connection with finding that it violated Exchange Act Rule 611(c) and relevant exchange supervision rules for activity that took place between May 2011 and June 2015.

In Matter No. 2010023889001 (October 2014) brought by FINRA, without admitting or denying the findings, BofAS consented to a censure and a \$50,000 fine for findings that it violated Exchange Act Rules 611(a) and (c) and related supervisory rules for activity that took place between August 2007 and June 2012.

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 \$60,000.⁵

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

⁵ This matter relates to other matters resolved on behalf of Cboe BYX Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe EDGA Exchange, Inc., The New York Stock Exchange LLC, and FINRA.

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 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 Cboe 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 not take any position in any proceeding brought by or on behalf of the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this Letter of Consent. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party. 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 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: October 14, 2025

BofA Securities, Inc.

By: 

Name: ALLISON LAYSON

Title: Associate General Counsel