



DISCIPLINARY DECISION
Cboe BZX Exchange, Inc.
File No. USRI-8755-05
Latour Trading LLC

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

Applicable Rules

- BZX Rule 3.2 – Violations Prohibited
- Rule 15c3-5 - Risk Management Controls for Brokers or Dealers with Market Access, promulgated under the Securities Exchange Act of 1934, as amended.

Sanction

A censure and a monetary fine in the amount of \$20,000.

Effective Date

July 15, 2021

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

Cboe BZX Exchange, Inc.
LETTER OF CONSENT
File No. USRI-8755-05

In the Matter of:

Latour Trading LLC
148 Lafayette Street
10th Floor
New York, NY 10013

Subject

Pursuant to the provisions of Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) Rule 8.3 – Expedited Proceeding, Latour Trading 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 the findings for Star No. 20200661217/File No. USRI-8755-05 and the stipulation of facts and findings described herein do not constitute such an admission.

BACKGROUND

1. During all relevant periods herein, the Firm was acting as a registered Broker-Dealer and has been a Member of BZX since August 2009. Its registration remains in effect.
2. Matter USRI-8755 originated from a review conducted by Exchange Investigative Staff.¹

VIOLATIVE CONDUCT

Market Access Rule Violations

3. Securities Exchange Act of 1934 Rule 15c3-5 (“Rule 15c3-5”) – Risk Management Controls for Brokers or Dealers with Market Access provides, in relevant part:

¹ The matter was subsequently referred to FINRA’s Department of Market Regulation for further investigation under STAR No. 20200661217 and then referred back to the Exchange.

(b) A broker or dealer with market access, or that provides a customer or any other person with access to an exchange or alternative trading system through use of its market participant identifier or otherwise, shall establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity....

(c) The risk management controls and supervisory procedures required by paragraph (b) of this section shall include the following elements:

(1) Financial risk management controls and supervisory procedures. The risk management controls and supervisory procedures shall be reasonably designed to systematically limit the financial exposure of the broker or dealer that could arise as a result of market access, including being reasonably designed to:

(i) Prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer and the broker or dealer and, where appropriate, more finely-tuned by sector, security, or otherwise by rejecting orders if such orders would exceed the applicable credit or capital thresholds; and

(ii) Prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.

4. BZX Rule 3.2 – Violations Prohibited provides: No Member shall engage in conduct in violation of the 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. Every Member shall so supervise persons associated with the Member as to assure compliance with those requirements.

5. On June 4, 2019, Latour failed to implement reasonably designed pre-order entry controls on its quoting algorithm used to submit bids and offers in Nuveen ESG Large-Cap ETF (“NULC”), a newly issued ETF. As there was no previous trading or quotes in NULC, Latour utilized a static reference price based on the Net Asset Value of NULC and a pre-market maximum percent price threshold which automatically defaulted to 32% away from a static reference price. Consequently, Latour erroneously submitted orders to the Exchange resulting in approximately 250 executions representing approximately 116,000 shares.

These orders were entered with limit prices up to 12.44% away from the Firm's reference price of \$25.00/share for NULC.²

6. The acts, practices, and conduct described in Paragraph 5 constitute violations of Rule 15c3-5, and BZX Rule 3.2, by the Firm, in that the Firm failed to implement reasonably designed pre-order entry controls pursuant to Rule 15c3-5(c).

SANCTIONS

7. The Firm does not have any disciplinary history relevant to Rule 15c3-5 risk management controls related to price with the Securities and Exchange Commission, any state securities regulators, BZX, or any other self-regulatory organization.
8. 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 \$20,000.

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.

²The Firm represents that, prior to the submission of this Letter of Consent, it began the process of amending the pre-order entry control at issue in this matter so that it does not automatically default to 32 percent away from the reference price.

The Firm agrees to pay the monetary sanction 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 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 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: 7/14/2021

Latour Trading LLC

By:  _____

Name: Thomas Mester

Title: Chief Compliance Officer