



DISCIPLINARY DECISION
Cboe EDGX Exchange, Inc.
File No. USRI-8929-04
Dash Financial Technologies, LLC

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

Applicable Rule(s)

- EDGX Rules 21.19 – Automated Improvement Mechanism (“AIM” or “AIM Auction”), and 5.1 – Written Procedures

Sanction

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

Effective Date

May 4, 2021

/s/Greg Hoogasian

Greg Hoogasian, CRO, SVP

Cboe EDGX Exchange, Inc.
LETTER OF CONSENT
File No. USRI-8929-04

In the Matter of:

Dash Financial Technologies, LLC
311 South Wacker Drive
Chicago, IL 60606

Subject

Pursuant to the provisions of Cboe EDGX Exchange, Inc. (“EDGX” or the “Exchange”) Rule 8.3 – Expedited Proceeding, Dash Financial Technologies, LLC (“Dash” or 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 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 was an Exchange Member registered to conduct business on the Exchange. The Firm’s registrations remain in effect.

VIOLATIVE CONDUCT

Applicable Rules

2. During all relevant periods herein, the following rules were in full force and effect: Exchange Rules 21.19 - Automated Improvement Mechanism (“AIM” or “AIM Auction”) and 5.1 – Supervision.
3. During all relevant periods herein, Exchange Rule 21.19 provided, in relevant part, that each Options Member, when entering orders on the Exchange into an AIM Auction, “may electronically submit for execution an order it represents as agent (‘Agency Order’) against principal interest or a solicited order(s) ...except

for an order for the account of any Options Market Maker registered in the applicable series on the Exchange...”

4. During all relevant periods herein, Exchange Rule 5.1 provided, in relevant part: “Each 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.”

Improper AIM Executions

5. From in or about October 2019 through in or about December 2019 (the “Review Period”), Dash routed approximately 474 orders for approximately 22,471 contracts to AIM on behalf of a Market-Maker Customer at a time when that Market-Maker Customer held an appointment in the relevant option classes on the matched order, resulting in 71 executions for 9,033 contracts.
6. The acts, practices, and conduct described in Paragraph 5 constitute violations of Exchange Rule 21.19 in that Dash electronically submitted an Agency Order against principal interest or a solicited order for the account of its Market-Maker Customer, an Options Market-Maker registered in the applicable series on the Exchange.

Failure to Enforce Written Supervisory Procedures (“WSPs”)

7. While the Firm had WSPs in place during the Review Period that specifically addressed the prohibition found in EDGX Rule 21.19 against submitting a solicited order to trade in a crossing auction mechanism such as AIM for the account of an Options Market-Maker registered in an applicable series, the Firm failed to reasonably enforce these WSPs. Specifically, Dash did not test its implementation of its supervisory system to ensure the prohibition of electronic submission of Agency Orders against an order for the account of an Options Market-Maker registered in the applicable series. The Firm additionally failed to surveil orders it entered on behalf of its Market-Maker Customer in the period from in or about October 17, 2019 through in or about December 3, 2019 to identify whether such violations of EDGX Rule 21.19 had occurred.
8. The acts, practices and conduct described in Paragraph 7 constitute violations of Exchange Rule 5.1 by the Firm, in that the Firm failed to properly enforce its WSPs.

SANCTIONS

9. The Firm does not have any prior relevant disciplinary history specifically related to electronic submission of an Agency Order in an AIM Auction against an order for the account of an Options Market-Maker registered in an applicable series.
10. 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.

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 the Exchange 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: 4/21/2021

Dash Financial Technologies, LLC

By: [REDACTED]

Name: Venu Palaparthi

Title: CCO